University of Missouri

Office of Sponsored Programs Administration

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Reference Guide For Sponsored Programs

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Award Cycle

The financial administration of sponsored awards is a shared responsibility and collaboration among the Principal Investigator (PI), academic unit, campus, and University of Missouri System. The University realizes the importance of research and, as a result of accepting federal awards for sponsored activity, there comes certain obligations and responsibilities outlined in Office of Management and Budget (OMB) 2CFR200 and University Policies and Procedures. The PI should seek guidance from the Office of Sponsored Programs Administration (OSPA) on these requirements. This guide is a reference for PI's and other research administrators on major topics included in the federal regulations to help the University remain compliant with these regulations.

The PI coordinates proposal submission, operation, and closeout activities with the department's Fiscal Officers (FO) and OSPA. The PI is expected to ensure compliance with applicable regulations, policies, and terms and conditions of the award with assistance from the FO. Researchers and the University set a tone for compliance by communicating with those working on awards that transactions are to be recorded accurately and in compliance with all agreements and OMB Circulars. Please take the time to express this expectation to colleagues and those working on awards.

The OSPA is responsible for monitoring compliance with applicable regulations, policies, and terms and conditions of the award. See *BPM 210, Sponsored Programs* for detailed requirements and responsibilities.

1. Project Planning/Proposal Submission
In this phase, the PI is expected to:
- Be aware of and adhere to all deadlines associated with the proposal. Involve OSPA as soon as practical.
- Plan and prepare a proposal that incorporates all necessary approvals, certifications, and assurances, including those from other collaborating institutions.
- Evaluate the level of effort required to complete the proposed project relative to existing effort commitments.
- Sign the proposal indicating his/her commitment to the sponsoring agency to comply with its requirements.
- Ensure appropriate individuals review and sign Proposal Signature Routing Sheet (PSRS) prior to submission.
- Recognize responsibility is shared with the FO for the administrative management of the project.

2. Award Set-Up
<u>Pre-Award.</u> In certain cases, a pre-award project may be set up when an executed award is not yet in place. Appropriate approvals are required.

The following information is expected to be maintained for each award during the life of the award:
- Notice of Grant Award (NGA): A legal document that notifies the grantee a proposal has been awarded which includes all terms and conditions of the award, and obligates funding by the sponsor. The NGA specifies special requirements, deliverables, and disposition of remaining balances.
- Grant Award Summary: A form issued by OSPA indicating award begin and end dates, budget, cost sharing, program income, and other critical award information, including the new project number.
- Copy of subawards.
- See *APM 60.35 Establishing an Award* for details.

3. Operations During the Award
The PI should work with the FO to:
- Meet all important grant dates and activities, including competitive renewal, progress report due dates, and other deliverables.
- Monitor expenses on awards and discuss issues with the FO on a monthly basis to avoid unnecessary cost transfers, such as costs added within the last 90 days of the award. Such adjustments are scrutinized in an audit and difficult to justify.
- Make timely transfers to appropriate funding sources for unallowable costs.
- Monitor award budget to avoid deficit spending.
- Maintain written documentation of all expenditures directly charged to the award demonstrating:
  - Authorization by the PI or delegate,
  - Expenditures are allowable, allocable, and reasonable.
- Track and ensure committed cost sharing requirements are met.
- Review and approve changes to the award. The following require prior approval from the sponsor and should be coordinated with OSPA:
  - a) Change in the scope or direction;
  - b) Absence of the PI or key personnel for more than three months;
  - c) Significant changes in PI and/or key personnel effort; and
  - d) Significant re-budgeting of funds.
- Consider the need for a no-cost time extension from the sponsor if work is not completed within the period of availability.

4. Award Closeout and Reporting
To prepare for award closeout and reporting, the PI should work with the FO and OSPA to ensure the following:
- All costs are allowable, allocable, reasonable, and within the period of availability.
- Notices of award closings are reviewed timely. These notices are provided 60 and 30 days prior to the scheduled end of the award.
- Documentation exists for all costs.
- All invoices and deliverables are received from subrecipients.
- New Payroll Action Forms (PAFs) are processed, all purchase orders and requisitions are closed, funding sources for feeder systems are changed, and all P-card charges are posted.
- Cost sharing requirements are met.
- Final reports, including technical and financial reports, are submitted.
- Copies of the first three pages of the final technical report are provided to OSPA.
- All costs charged to the award are certified. See *APM 60.07.01, Allowable Costs and Cost Principles – Certification* for details.
- See *APM 60.20 Closing Sponsored Awards* for details.

Award Terms and General Concepts
All awards are made to "The Curators of the University of Missouri."

Authorized Signer or Authorizing Official – The Office of Sponsored Programs Administration is the designee for MU to approve all awards. Authorization on an award:
- Commits MU to be accountable for the appropriate use of funds awarded and the performance of the project or activities resulting from the award.
- Attests that all information contained in the proposal is accurate, complete, and in conformance with sponsor and University requirements.

Facilities & Administrative Costs (F&A) – Indirect costs incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored award such as lab space, utilities, and other administrative costs. F&A costs are real costs to the University and are allocated to the award as a percentage of each direct expenditure.

Modified Total Direct Cost (MTDC) - A commonly used expenditure base consisting of all salaries, wages, fringe benefits, materials, supplies, services, travel, and up to the first $25,000 of each subaward. MTDC generally excludes capital expenditures, charges for patient care, tuition remission, rental costs for off-site facilities, scholarships, and fellowships.

OMB – Office of Management and Budget. Federal agency that ensures federal monies are spent in accordance with federal regulations.

Direct Costs

Direct costs are identified specifically with a particular award. Direct costs must be:

▪ Allowable - directly related to the performance and permitted under the terms of an award and OMB 2CFR200.
▪ *Allocable - incurred specifically for the program or for several activities and can be distributed between them in re*asonable proportion to benefits received, and is clearly necessary to the program.
▪ Reasonable - necessary for the performance of the award.
▪ Timely and within the period of availability.
▪ In conformity with any limitations or exclusions in the sponsor agreement.
▪ Should be charged correctly the first time to avoid unnecessary cost transfers.

Direct costs typically cannot include costs normally included in the University's F&A cost rate (i.e. administrative staff salaries or utilities).

Effort Verification Reports (EVRs)

To be consistent with OMB Circular A-21, employees with payroll costs charged to an award must comply with the following:

▪ Employee's effort must reflect 100% of all University compensated activity.
▪ Effort is not based on a 40-hour workweek.
▪ Financial records must be updated timely via Payroll Correcting Entries (PCEs) if variances between paid salary and estimated effort exceed 5%.
▪ EVRs need to be verified by a person with direct knowledge or other means of verification that work was performed. The employee, PI, or other responsible official needs to sign the EVR indicating that the effort was reviewed and the salary distribution is reasonable.
▪ Failure to complete an EVR correctly and timely could lead to unallowable costs and repayment to the sponsor. The PI's department is responsible for repayment of any unallowable costs.
▪ See *APM 60.32, Effort Verification Reports* for details.

Cost Transfers

Cost transfers are the reallocation of costs directly charged to an award after the initial transaction has occurred.
▪ Cost transfers must be directly related to the project and be:
▪ Allowable, allocable, reasonable, and within the period of availability.
▪ Clearly documentated as to why the transfer was necessary.
▪ Timely (no later than two months after original charge was incurred). Transfers not made timely require additional documentation and approvals.
▪ Cost transfers should never be used to:
▪ Meet deficiencies caused by overruns in other awards or other funds, such as general operating.
▪ Avoid restrictions imposed by law or by terms of the agreement.
▪ See *Policy BPM 213, Adjustment of Income & Expense Items* for details.

Cost Sharing

Cost sharing is the specific portion of awards not funded by the sponsor but borne by the University or a third party.
▪ Cost sharing offered voluntarily in the proposal needs to be provided by the University or third party and documented.
▪ Proposed cost sharing should have departmental authorization from an approved internal funding source.
▪ Cost sharing cannot include unallowable costs.
▪ Cost sharing on a federal project cannot be funded from another federal source, unless permission is granted in writing by the sponsor.
▪ Cost sharing cannot include costs benefiting another award.
▪ Cost sharing may include salaries over the DHHS cap if applicable.

Subrecipient Monitoring

The University is required to monitor subrecipients, third-party organizations performing part of the University's funded awards.
▪ Subrecipients are subject to the same compliance requirements as the University.
▪ PIs have primary responsibility for review of invoices and ensuring subrecipient's completion of programmatic activities and other deliverables.
▪ See *Policy APM 60.85, Subrecipient Monitoring Procedures* for details.

Other Requirements

PIs and FOs need to be familiar with the following additional requirements related to conducting sponsored activity:

Conflict of Interest Form. Faculty are required to disclose potential conflicts of interest related to sponsored activity. See *Conflict of Interest Form* at: http://research.missouri.edu/apps/coic/authentication/login

Research Misconduct. Fabrication, falsification, or plagiarism in proposing, performing, or reporting research. See *Collected Rules and Regulations, Chapter 420.*

Authorship. All individuals listed as authors should have made a substantial, direct, intellectual contribution to the work.

Protocols and Approvals. PIs need to have the appropriate protocols and approvals for conducting activities before any work begins. The following may apply to a specific project:
Human subjects (IRB)
Animal subjects (IACUC)
Radiation and Biosafety
Export Controls
Others as applicable

Intellectual Property and Copyrights. See *Collected Rules and Regulations, Chapter 100.*

Record Retention. Supporting documentation for expenditures charged to an award needs to be maintained by the department during and after the award period for **three** years from date of submission of final expenditures report. *See OMB Circular A-110, section 53 for exceptions.*

References

Accounting Policy and Procedures Manual (APM)
http://www.umsystem.edu/ums/rules/apm/fullindex

Business Policy Manual (BPM)
http://www.umsystem.edu/ums/rules/bpm/

Collected Rules and Regulations
http://www.umsystem.edu/ums/rules/collected_rules/

Financial Compliance Training
http://www.umsystem.edu/ums/fa/controller/compliance

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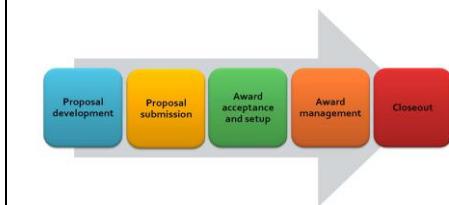573.882.7560   davidcr@missouri.edu

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Certificate Series

Each session designed to enhance your overall technical expertise in sponsored projects. Courses will cover key areas of sponsored projects and presented in various formats of lectures and case studies as well as hands-on computer training.

The certificate series is in four tracks; Introductory Overview, Regulatory, Pre-Award, and Post-Award.

Registration is required for each course.

http://research.missouri.edu/ospa/certseries/