Direct Costs

Direct costs are identified specifically with a particular project or activity with a high degree of accuracy. Some costs (i.e. entertainment) can never be charged to federal awards while others can only be charged in certain circumstances. Direct costs:

▪Must be allowable, meaning they must be necessary to accomplish the goals and objectives, reasonable and prudent, and consistently applied in the same manner in like circumstances.

▪Must be timely and within the award period.

▪Must conform to any limitations or exclusions in the agreement with the sponsor.

▪Cannot include costs normally included in the institution's F&A cost rate (i.e. administrative staff or office supplies)

Effort Verification Reports (EVRs)

The following are required by A-21 to ensure payroll costs directly charged to an award reflect actual efforts.

▪ Effort must reflect 100% of all University compensated activities, not based on a 40-hour workweek.

▪ The Plan Confirmation method is used. Effort is originally based on budget then updated to reflect actual efforts every six months.

▪ Significant changes (>5%) must be updated timely and Payroll Correcting Entries (PCEs) made.

▪ PCEs must be an allowable cost and directly benefit the project.

▪ Effort is verified bi-annually for all personnel paid from any project.

▪ Certification means that the person performing the effort has reviewed his/her salary distribution and is confirming it is reasonably correct.

▪ Certification forms must be signed by a person with "suitable means of verification that work was performed." This can be the employee, PI, or other individual.

▪ Failure to complete an EVR correctly and timely could lead to unallowable costs and require repayment to the sponsor.

▪ *See APM 60.32, Effort Verification Reports* http://www.umsystem.edu/ums/departments/fa/controller/accountingservices/manual/pdf/60.32.pdf

Cost Transfers

Cost transfers are reallocation of costs directly charged to an award after the transaction has occurred.

▪ Unallowable or unallocable costs cannot be transferred to an award, even temporarily.

▪ Project funds are not interchangeable.

▪ Cost transfers are a means of correcting errors, and should not be done:

To meet deficiencies caused by overruns or other fund considerations;

To avoid restrictions imposed by law or by terms of the agreement;

For other conveniences; or

To shift unrestricted budget.

▪ Cost transfers must be supported by **Documentation** as to why the transfer was necessary.

▪ Cost transfers must be timely, but no later than 60 days after original charge was incurred.

▪ Cost transfers after the 60-day deadline require substantial **Documentation** and proper approvals.

▪ *See Policy BPM 213, Adjustment of Income & Expense Items.* http://www.umsystem.edu/ums/departments/fa/management/business/manual/0213.shtml

Cost Sharing

The specific portion of these project costs not funded by the sponsor and borne by the University or a third party. These costs are committed in the proposal and/or include salaries over the NIH cap, where applicable.

▪ If cost sharing is offered voluntarily, it must be provided and **Documented.**

▪ If proposed, cost sharing must have an approved internal funding source and departmental authorization.

▪ Unallowable costs cannot be included in the University cost shared portion of the budget.

▪ Cost sharing on a federal project cannot be funded from another federal project, except when special permission is given by the sponsor.

▪ Costs benefiting another project cannot be included as cost sharing.

▪ *See Policy APM 60.30 (in process)*

Subrecipient Monitoring

The University is responsible for monitoring subaward recipients. A subrecipient is a third-party organization performing a part of the University's funded research projects.

▪ Subrecipients are subject to the same compliance requirements as the University.

▪ PIs have primary responsibility for monitoring subrecipients to ensure compliance with federal regulations.

▪ PIs must review all invoices, technical performance reports, and other deliverables.

▪ Subawards and contracts are prohibited from being issued to parties, which are debarred or suspended from activities with the Federal Government.

▪ *Refer to Policy APM 60.85, Subrecipient Monitoring Procedures for details.* http://www.umsystem.edu/ums/departments/fa/controller/accountingservices/manual/pdf/60.85.pdf

Other Research Requirements

In addition to the above, PIs and FAs must be familiar with these requirements related to conducting research:

Conflict of Interest. Faculty must disclose financial interests related to research on grant applications and on University conflict of interest disclosure forms. *See form at:* http://www.umkc.edu/research/disclosure.pdf

Research Misconduct. *See Collected Rules and Regulations, Chapter 420.*

Authorship. Everyone listed as an author should have made a substantial, direct intellectual contribution to the work.

Protocols. PIs must have approved research protocols for research with the following:

Human subjects (IRB)
Animal subjects (IACUC)
Radiation (RAC)
Biosafety (IBC)
Other environmental safety issues

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

Record Retention. Documentation in support of expenditures charged to an award must be maintained during and after the award period for **three** years from date of submission of final expenditures report. *See OMB A-110 for exceptions. Page 6*

Award Terms and General Concepts

Grant Award. All grants are awarded to the grantee institution (UMKC) on behalf of the PI. When you apply for an award, you must list as applicant: "The Curators of the University of Missouri on behalf of the University of Missouri-Kansas City".

Authorized Signer or Authorizing Official – The person designated by the University to approve all award applications. On our campus, this person is Dr. Lawrence A. Dreyfus, Vice Chancellor for Research and Economic Development. The Vice Chancellor's signature on an award application:

❖ Assures that UMKC will be accountable both for the appropriate use of funds awarded and for the performance of the award or activities resulting from the application.

❖ Attests that all information contained in the application is true, complete, and is in conformance with federal and organizational requirements.

OMB – Office of Management and Budget. Ensures federal monies are spent properly and programs are effective. The following circulars apply to the University for sponsored programs:

A-21 – Cost Principles for Educational Institutions. Provides guidelines for allowable costs under sponsored agreements with the Federal Government. http://www.whitehouse.gov/OMB/circulars/a021/a021.html

A-110 – Administrative Requirements for Grants and Agreements. Financial and program management for award. http://www.whitehouse.gov/omb/circulars/a110/a110.html

A-133 – Audits of States, Local Governments, and Nonprofits. Outlines responsibilities of auditee and external auditor. http://www.whitehouse.gov/omb/circulars/a133/a133.html

Facilities & Administrative Costs (F&A) – This overhead, known as indirect costs, represents the expenses the University incurs in administering each award. These costs are incurred for common or joint objectives and, therefore, cannot be identified specifically with a particular project or program. F&A is calculated as a percentage of the total amount of an award.

Research Misconduct – Fabrication, falsification, or plagiarism in proposing, performing, or reporting research.

Collected Rules and Regulations - http://www.umsystem.edu/ums/departments/gc/rules/

Administrative Procedures Manual, Section 60 – Contains requirements for Sponsored Programs. http://www.umsystem.edu/ums/departments/fa/controller/accountingservices/manual/fullindex.shtml#60

The Principal Investigator (PI) is responsible for ALL aspects of the sponsored project including scholarly activity and fiscal administration. In conjunction with the PI, the University is responsible for establishing administrative systems, processes, and procedures. PIs, research faculty, and administrative officers must follow these best practices.

The PI coordinates proposal submission, operation, and closeout activities with the Department Administrators (FO) and the Office of Research Services (ORS). The FO has responsibility for assisting the PI and questioning expenditures and practices. The ORS has responsibility for ensuring compliance with University and related policies and practices. *See BPM 210, Sponsored Programs for detail requirements and responsibilities.*
http://www.umsystem.edu/ums/departments/fa/management/business/manual/0210.shtml

1. Project Planning/Proposal Submission
In this phase, the PI must:
▪ Recognize important deadlines requiring attention.
▪ Develop a plan to prepare a proposal that incorporates all necessary approvals, certifications, and assurances, including those from other institutions with whom he/she will be collaborating.
▪ Evaluate the level of effort required to complete the proposed project relative to existing effort commitments.
▪ Recognize that his/her signature on proposals demonstrates that he/she has made a commitment to the sponsoring agency to adhere to its requirements.
▪ Ensure appropriate individuals sign the Proposal Signature Routing Sheet (PSRS) prior to submission.

2. Account Set-Up/Documentation
The following information should be maintained for each award during the life of the project:
▪ Notice of Grant Award (NGA): This legal document notifies the grantee that a proposal has been awarded. It includes all terms, conditions of the award, and documents the obligation of federal funds to the project. This also specifies any special requirements, deliverables, and how remaining balances are handled.
▪ Grant Award Summary: A form issued by ORS that indicates project beginning and end dates, award budget, cost sharing and program income, and other critical award information, including the new project number.
▪ Expenditure **Documentation**. Support of all expenditures charged directly to the project demonstrating that expenditures are authorized by the PI, or designee, and are allowable, allocable, reasonable, and consistently treated.
▪ Pre-Award. In certain cases, a pre-award project can be set up when an executed award is not yet in place. Appropriate approvals are required.
▪ *See APM 60.35. Establishing an Award.*
http://www.umsystem.edu/ums/departments/fa/controller/accountingservices/manual/pdf/60.35.pdf

3. Operations During the Award
The PI should:
▪ Develop a grant checklist accumulating all-important grant dates and activities, such as competitive renewal, due dates for progress reports, and other deliverables.
▪ Monitor expenses on awards monthly and discuss issues with the departmental FO.
▪ Be aware of the funds available and monitor the award budget to avoid deficit spending.
▪ Provide written authorization of all expenditures.
▪ Ensure all expenditures are allowable direct charges to the award. Make corrections timely to transfer unallowable costs.
▪ Review and approve changes to the current project. Some require prior approval from the sponsoring agency, such as: a) change in the scope or direction; b) absence of the PI or key personnel for more than 3 months; c) significant changes in PI and key personnel effort; and d) significant re-budgeting of funds. Work with ORS to obtain approvals.

4. Award Closeout and Reporting
Requirements vary, but minimal requirements include:
▪ The PI and FO reviewing expenditures throughout the award to avoid unnecessary cost transfers, specifically costs added within the last 90 days of the award. Such adjustments are scrutinized in an audit and difficult to justify.
▪ The PI ensuring charges are allowable, accurate, and within the period of availability.
▪ **Documentation** is required to support all charges.
▪ Transfer unallowable charges before the award is closed.
▪ ORS providing 60 and 30 day notices to the PI and department prior to the end of award.
▪ Receiving all invoices and deliverables from subrecipients.
▪ Updating payroll and procurement and cancelling feeder systems.
▪ Ensuring cost sharing requirements are met.
▪ Filing of final reports, including technical and financial reports, inventions, and inventory of equipment. These must be reviewed by the PI.
▪ The PI forwarding copies of the first three pages of the final technical report to ORS.
▪ The PI certifying award expenditures are complete and accurate. *See APM 60.02.01, Certification.*
http://www.umsystem.edu/ums/departments/fa/controller/accountingservices/manual/pdf/60.02.01.pdf
▪*See APM. 60.20. Closing Sponsored Awards for details.*
http://www.umsystem.edu/ums/departments/fa/controller/accountingservices/manual/pdf/60.20.pdf

Office of Research Services (ORS)

BACK PAGE
Lawrence A. Dreyfus, Ph.D.
Vice Chancellor for Research and Economic Development
816.235.5839   DreyfusL@umkc.edu

Maureen Hannoun
Director, Sponsored Programs
816.235.5640   hannounm@umkc.edu

Sandy Wilson
Manager, Fiscal Operations
816.235.1303   wilsonsan@umkc.edu

Lisa Browning
Administrative Assistant
816.235.6054   browninglis@umkc.edu

Pre-Award Services
Linda Daugherty
Pre-Award Manager
816.235.5634   daughertyl@umkc.edu

Lorelei Sells
Grants and Contracts Administrator
816.235.5611   sellsl@umkc.edu

Post-Award Services
Amir Ayoub
Senior Grants and Contracts Administrator
816.235.1304 ayouba@umkc.edu

Arminta Brown
Senior Grants and Contracts Administrator
816.235.1302   brownarm@umkc.edu

Diana C. Jones
Grants & Contracts Specialist
816.235.5607   jonesdc@umkc.edu

Laura Abron
Grants and Contracts Specialist
816.235.5444   abronl@umkc.edu

Chelsea Dahlstrom
Grants & Contracts Specialist
816.235.1315.1   dahlstromc@umkc.edu

Compliance & Technology Transfer
Chris Winders
Director of Research Compliance
816.235.5370   windersc@umkc.edu

James Brazeal, Licensing Associate
816.235.5091   brazealj@umkc.edu

UMKC

University of Missouri – Kansas City

Office of Research Services

Principal Investigator's Quick Reference Guide

816-235-5600

Fax: 816-235-6532

www.umkc.edu/research/

ors@umkc.edu

Updated: August 2013