



UTAH STATE UNIVERSITY
Sponsored Programs

Research Guide

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1 CHAPTER ONE:INTRODUCTION, PURPOSE, AND APPLICABILITY OF THE GUIDE

1.1 Introduction

Included in this guide are Utah State University (“University” or “USU”) policies and procedures, frequently asked questions, and reference material related to Sponsored Programs. The material is arranged into sections organized by pre-award and post-award management activities.

The guide provides information necessary to help Faculty, Staff, and Administration with the following:

- Successfully develop and submit a proposal
- Manage the technical, fiscal, and regulatory aspects of the project
- Understand the process of reporting and procedures to close the project

1.2 Purpose

The purpose of this guide is to set forth in one place many of the existing policies and procedures dealing with the administration of sponsored research, instruction and public service projects for the University. This manual is intended to expedite and provide ease and consistency in the administration of sponsored projects. The information is a combination of existing policies and procedures for USU; the Board of Regents of the University; State of Utah; and major sponsoring agencies.

USU expects compliance with its policies and procedures as well as those of the sponsoring agency. Deviations will cause delays and confusion for all concerned and may result in audit disallowances by sponsors. At the same time, every reasonable effort will be made to accommodate special needs. Sponsored Programs should always be consulted concerning questions of either USU or sponsoring agency policies or procedures.

In the fulfillment of its obligations to sponsors, students, employees and the public-at-large USU is expected to employ sound management practices and act with due prudence in all circumstances. When a sponsored project is accepted, the University is responsible for complying with the terms and conditions of the agreement. Sponsored Programs is responsible for coordinating all administrative and financial aspects of a sponsored project.

Sponsored Programs is responsible for maintaining the guide and will keep the on-line version current and up-to-date. It is anticipated that revisions to the guide will be required periodically to comply with changing regulations and to provide additional assistance in those areas which may have been omitted from the initial publication. Faculty and staff suggestions for the improvement of this manual will be most welcomed and will receive careful consideration.

1.3 Applicability

This Guide is applicable to all faculty and staff who propose, conduct, and otherwise work on Sponsored Projects. A Sponsored Project is defined as Sponsored Projects do not include funding from donations or sales of tickets to athletic events or bookstore/internal recharge activities on campus.

1.4 Classification of Funding

It is important to appropriately classify the type of funding in order to assure USU's compliance with sponsor/donor terms, maintain federal costing and reporting standards, comply with IRS and State of Utah reporting requirements, and to identify and properly recover institutional costs, both direct and indirect, and to adequately monitor the nature and extent of research across departments and colleges. In order to classify an award correctly, we must consider the nature of the award, the intent behind the award and its intended purpose. Multiple factors must be considered when determining whether funds should be processed through Sponsored Programs as a grant or contract activity, through the University Development Office as a gift, or through the Controller's office as a sales and service activity. One single factor does not, in itself, indicate whether a project falls within one classification or another and each situation must be looked at on a case by case basis for the best determination to be made.

1.4.1 Sponsored Programs

This category includes any project that obtains or uses external support or funding relating to research, education, clinical, training or other services with a defined scope of work or objectives that utilizes USU faculty, staff, students, facilities and/or equipment. Grant and contract award documents legally bind USU to terms and conditions of each award. Awards carry obligations that, if not monitored and/or reported, can result in loss of revenue or funding status. Sponsored programs include grants, contracts, cooperative agreements, or other types of agreements. The mechanism for funding can include checks, purchase orders, research agreements, clinical trial agreements, master agreements, task orders, and/or wire transfers of funds. These projects are generally not interest-bearing. They can be highly restrictive based on governmental and/or contractual requirements or limitations. Proposals can include representations and certifications and other standard forms and reporting requirements. Grant and Contract funds are recognized when expended. Sponsored Projects are administered by Sponsored Programs. Sponsored Programs require the costs of facilities and administrative costs be included as part of the awarded budget.

1.4.2 Gift

Any money including donations, endowments and bequests, property or other assets from private sources, whether solicited directly or indirectly, for which the donor does not retain any reversionary interest or can not be expected to receive any material, unique, or preferential benefit from the act of donating funds. Gifts may be provided to establish an endowment or to provide direct support for existing programs. Guidelines established by the IRS and by federal accounting standards assist in defining whether something may be considered a gift. Gifts are recognized upon receipt of funds. Gifts are handled through the University Development Office and are deposited into gift accounts. Gift accounts have very few restrictions other than those placed on them by the donor and they may be interest-bearing activities. Some factors in determining whether funds should be handled by the Development Office or by Sponsored Programs include:

- Contractual requirements are not imposed. Objectives may be stated and use of funds may be restricted to a particular purpose such as a professorship, scholarship, or a defined area of research, but deliverables/technical reports are not a normal part of gift requirements.
- Gifts are irrevocable regardless of how the University actually utilizes the funds.

- A period of performance is not specified.
- Formal financial accounting is not required and there is not an expectation of return of unexpended funds. A simple report on what impact the donation had on the University community may be requested.
- Generally, funds received from private individuals, private family foundations, corporate foundations and other major foundations where deliverables are not required, will be regarded as gifts.
- Government support – Since most government agencies are not authorized to provide gifts from taxpayer funds, any award from federal, state, local, or foreign governmental agencies will not be considered as a gift.
- Gifts do not normally have regulatory requirements attached to the gift. Thus, human subjects or animal care regulations would not be involved in the receipt of gift funds.
- The donor does not have any audit rights.
- Any award that requires ownership or license rights to any intellectual property are not gifts. If a donor requires such rights, they have just defeated the donative intent required to give a gift.

1.4.3 Recharge / Service Centers

A recharge/service center provides a specific type of service to university departments rather than to individual students or off campus customers and is supported by the revenue generated from the service they provide to university departments. Examples of recharge/service centers are Information Technology, Motor Pool, Publication, Design and Production (PDP) and Central Distribution.

The rates charged by a recharge/service center should reflect operating costs. Operating costs include salaries, wages, and employee benefits, costs of material and supplies, operation and maintenance of the physical facilities occupied, and depreciation of equipment. A recharge/service center operates on a break-even basis, i.e., revenues are equivalent to expenditures. Any surplus or deficit should be included in the calculation of future period billing rates. Consistent and equal rates are charged to all on-campus users and no charges are made in advance of services rendered.

Federal guidelines restrict the amount of working capital that a recharge/service center can have on hand at the end of each fiscal year. According to federal guidelines, a recharge/service center can have a maximum of 60 days of working capital on hand.

More information is available on the Controller's website at <http://www.usu.edu/controller/acffinrep/forms/fundeddepr.pdf>

1.4.4 Sales & Service (Other Unrestricted Designated)

Another area of funding is derived from “sales and service” activities on campus. Revenues from bookstore sales, athletic events, music and theater ticket sales and other similar activities are not considered to be sponsored programs. Sales of software or video productions are also considered to be sales and service activities and may not be exempt from state or federal unrelated business income tax or state sales taxes. NACUBO defines sales and service as funds derived from incidental activities of another program. If an external sponsor is approached to support these types of events, sales and service activities may end up under Sponsored Programs review as “program income” to the Sponsored Programs. Sales and Service accounts will not normally include activities such as subcontracting or support for research, clinical activities and/or data analysis and are usually set up only for the amount of funds received. The Controller’s office is responsible for the set up and monitoring of sales and service.

1.4.5 State of Utah Appropriations

These are funds appropriated directly by the state of Utah for purposes of funding University activities. The University Budget office or the Controller’s office administers these funds.

2 CHAPTER TWO: ROLES & RESPONSIBILITIES

2.1 Sponsored Projects' Role, Mission, and Vision

2.1.1 Role

Sponsored Programs plays a pivotal role in research and program development and management by providing services to the university and to sponsored project investigators. Sponsored Programs assists faculty and other university personnel to achieve funding for research and other scholarly activity and to provide oversight on issues of federal, state and university compliance, laws and regulations. Sponsored Programs assists the university in assuring that maximum public benefit is derived from sponsored projects. Sponsored Programs will provide seamless, customer-centered, value-added services in securing and managing sponsored projects.

- A Principal Investigator (PI) is assigned to hold primary responsibility for conduct and management of the award.

2.1.2 Mission

Sponsored Programs is a unit within the Office of Research and Graduate Studies created to serve the faculty, staff and students through the assistance and/or facilitation of external funding of scholarly, research, public service, and instructional activities.

Furthermore, preserving the rights and interests of the university, the researcher, and the community is a crucial aspect of Sponsored Programs.

2.1.3 Vision

- Enhance the research productivity of the University
- Increase external support of research
- Strengthen the research experiences of undergraduate and graduate students
- Communication is the most important aspect of our jobs
- Emphasize being pro-active
- Improve the perception of the Sponsored Programs as a resource
- Consistency in the office
- Create and maintain a positive team environment
- Organization is efficiency
- Celebrate the researchers
- Pursuit of excellence in research administration

2.1.4 Values

As an academic service unit we are committed to academic excellence of the University. As such, the Sponsored Programs values:

- A broad definition of research and creative activity that includes the scholarship of discovery, the scholarship of learning, and the scholarship of engagement
- The pursuit of knowledge in an environment that encourages free and open inquiry, academic achievement, scholarship, and creativity
- The celebration of academic achievement
- The importance of research experiences for undergraduate and graduate students.
- The collaborative nature of research

2.1.5 Services

- Sponsored Programs is the office that handles the legal, regulatory and fiduciary responsibilities of all sponsored project funds proposed by and awarded to Utah State University.
- A source for identifying funding opportunities, for both general university information and specific areas of interest for research faculty.
- A knowledgeable resource and advisor to Principal Investigators and University staff regarding Federal, State and Local Government, and other funding agencies' rules, regulations and procedures.
- Reviews all proposals prior to submission (including revisions, supplements and continuations) for accuracy, correctness and legal sufficiency, considering agency requirements and University policies. Administrators will routinely check format, applications, budgets, and other parts of the proposal as part of the review process.
- Advocate and act as steward for the policies and procedures for the University, the Vice President of Research and the sponsoring agency.
- The Director of Sponsored Programs, as designated by the Vice President of Research, is the authorized institutional signature for Utah State University for all federally sponsored contracts and for all privately sponsored contracts.
- Negotiates the terms and conditions of awards and contracts with the sponsoring agencies and works with the Principal Investigator to incorporate adequate and correct statements of work and budgets. Prepares sub-award agreements as necessary.
- Requests accounts to be set up upon receipt of award documentation and forwards copies of awards to the Principal Investigator and Controller's Office for set up in Banner.
- Monitors all award-closing actions with Principal Investigator and other University offices.
- Prepares and maintains pre-award files for proper contract administration and historical information.
- Assists Principal Investigators with procedural management of active research projects (i.e. Letter of Guarantee accounts, re-budgeting, and regulatory and compliance issues).
- Is a liaison to various University departments, work units and organizations, including organizations outside the University structure, and sponsors to ensure appropriate, accurate and timely contract and grant administration.
- Develops training for University faculty and staff regarding the policies, compliance issues, procedures, proposal improvement and agency specific issues.
- Maintains a University sponsored project database for proposals, awards, and other relevant information to provide University administration, colleges, departments and others with management information.

- Verifies adherence to Federal and University institutional compliance issues such as animal and human participant compliance, bio-safety, and recombinant DNA.
- Maintains a web page to assist Principal Investigators with proposal preparation and award management.
- Forwards potential conflict of interest disclosures to the Compliance Committee. Acts as a member of the oversight committee, if appointed.
- Interfaces with auditors in reviewing project activities.

2.2 Signature Authority for the Institution

A PI, Department Chair, Dean, or other USU employee should never sign a sponsored programs proposal, contract or grant on behalf of the University unless they have been given actual authority to do so by someone with statutory authority to delegate such power to them. Currently, constitutional and statutory authority to sign these types of agreements rests in the State of Utah Board of Regents. (See Board of Regent's bylaws.) Subject to this memo, Utah State University President has delegated signature authority, in writing, to the Director of Sponsored Programs and the Contract Administrators. While this policy does not preclude PIs, Department Chairs, Deans, and other individuals from signing internal processing documents, the Director and Contract Administrators must sign all sponsored program proposals, contracts, and grants on behalf of the University before they are submitted to any third party.

Before an agreement can be enforced against a state entity, it must be signed by a person with specific statutory authority to sign on behalf of the state. Authority must be ACTUAL authority and cannot be delegated unless a state's statute or constitution allows such delegation. Delegation must be made as prescribed in the statute. As described above, for research grants and contracts, this authority has been delegated to the Director of Sponsored Programs as limited by Vice President for Research memo. Therefore, if a sponsored program proposal or award is NOT signed by the Director of Sponsored Programs, the Vice President for Research (VPR), the President, or Board of Regents, the contract or grant is void and unenforceable against the University.

Note: Faculty or staff may sign a consulting agreement as a private individual in accordance with university policy.

Key reasons behind the policies relating to signatory authority include:

- Protecting USU and individual university employees from legal liabilities.
- Maintaining university compliance with university, Board of Regents, State, Federal, and private contract regulations and requirements while performing research and services inherent in sponsored projects.

Any PI or other USU employee who contemplates signing a research proposal or agreement on behalf of the university without actual authority to do so assumes extensive personal legal liability. The PI or employee should remember the following potential consequences of signing without authority:

- Because the individual does not have the signatory authority to bind the University to a contract, the University is not bound by that agreement and is not obligated to provide lab or office space,

personnel, intellectual property, or any other support to the PI in carrying out the work described in the sponsored agreement.

- If a University employee uses University facilities and personnel to conduct research or other sponsored activities not otherwise approved through proper University procedures, the employee may be subject to discipline for misappropriation of governmental property and/or resources.
- Without an authorized signature, only the individual who signed the agreement is personally liable for performance of the agreement and adherence to all of the laws, rules and regulations relating to the agreement, including, but not limited to, the Internal Revenue Code and state tax laws. If signed without authority, taxes may be imposed on the entire amount of research funding as the personal income of the individual.
- A PI or other employee who signs a proposal or agreement without authority to do so may be subject to claims by the sponsor of the project or the University for fraud or misrepresentation if the PI led the sponsor to believe that he/she did indeed have the authority to sign on behalf of the University.
- The professional reputation of a PI may suffer if a PI is required to go back to an organization after an unauthorized signature has been given and explain that the sponsor does not have a legally binding agreement with the University.
- Signing an agreement without authority does not insulate the employee's intellectual property rights from institutional policies governing rights to intellectual property, which presume that any invention created in a University-related activity, using University time, facilities, equipment or materials belongs to the University.
- An employee without actual signature authority is acting outside the scope of his/her employment and would, therefore, not be covered under state statutes governing limitations to liability for state agencies.

2.3 *Principal Investigator*

A PI is the individual assigned and named in a proposal and/or award document as the University employee responsible for the proper conduct and management of a project. While the Principal Investigator(s)/ Project Director(s) coordinates the preparation of the proposal and submission documents, proposals are officially submitted by Utah State University. The University is the recipient of awards and serves as the fiduciary/legal entity responsible for the award. Awards in support of research, instruction, or service arise because of the professional expertise and initiative of individual faculty members. To fulfill his/her duty as a PI in the proper management and conduct of a project, a PI is responsible for the following:

- Manage the technical/scientific and programmatic aspects of the project. This includes:
 - Providing all deliverables that are required in the grant/contract on a timely basis,
 - Not deviating from the scope of work for the project unless changes are agreed upon in writing by the sponsor and by the University; and
 - Overseeing the training and work of students and other personnel working on the project.
- Manage the logistical and physical aspects of the project, including:
 - Understand the contract/grant terms and conditions, including any special or unusual conditions
 - Assure that the contractual conditions are met

- Appropriately manage and utilize any space and instrumentation needed to complete the project
 - assure appropriate laboratory management
- To understand (through training) and exercise responsible fiscal control over the project ensuring that funds are spent appropriately and within the sponsor and University/state guidelines. In the event a PI or an individual designated by the PI to be responsible for expenditures on an account fails to follow appropriate cost accounting standards and/or University policies, the PI and his or her cognizant department will be responsible for covering the cost of any disallowed costs and/or over-expenditures incurred on the account. Additionally, if a PI requests a preliminary (“Letter of Guarantee”) account prior to receipt of an award agreement or grant, and the project is not fully funded, or if costs are incurred outside the start or end date of a grant agreement, resulting in cost disallowances, The PI and his/her cognizant department will be responsible for covering the disallowed costs of the sponsored project. A PI should become familiar with and obtain a working knowledge of the requirements of Uniform Guidance and the University's Cost Accounting Standards (CAS).
 - To assure regulatory compliance with policies such as Institutional Review Board, Institutional Animal Care and Use Committee, Environmental Health and Safety, Bio-safety, Radiological Safety, Food & Drug Administration (FDA) policies and others.
 - To conduct the project using the highest ethical standards following the policies relating to integrity in research (Misconduct Policy) and to declare any potential conflict of interest for themselves or any individual involved with the project that falls within the University Conflict of Interest Policy.
 - To complete all close-out reporting and intellectual property reports/disclosures as required by the sponsor and the University; including but not limited to all interim and final technical reports, submission of invention disclosures, satisfying subcontract/consortium contractual requirements and other reports as required.

2.3.1 Definition and Determination of PI Status

The PI is officially designated on the Proposal Information form that is sent to Sponsored Programs. By signing the document summary, the PI agrees to take responsibility for the proper conduct of the project, as delineated above.

Any PI who is or has been debarred or suspended by the federal government must immediately notify Sponsored Programs and is precluded from receiving federally funded grant or contract awards or from being paid with federal funds.

All principal investigators may serve as a project PI only with the prior approval of the cognizant chair or director, and dean and may be subject to review by the Vice President for Research.

2.3.2 Co-Investigator definition and status

Most Sponsors only recognize one individual with responsibility for proper conduct of the project. However, some sponsors such as NIH and NSF have recognized a role for other key individuals conducting certain tasks within a larger program. Sponsored Programs therefore, recognizes individuals

with Co-Investigator status on a project. Like the Principal Investigator, a Co-Investigator must be designated on the Proposal Information form and must be approved by the cognizant chair or director, and dean. A Co-Investigator may conduct program activities in a PI's absence with approval of the program Sponsor. Co-Investigators are held responsible for that portion of the project under their control. An example of where Co-Investigator status is particularly apparent and necessary is on large program assigned to one PI with multiple cores or tasks under the larger umbrella project. Like the PI, Co-Investigators must not be debarred or suspended by the federal government.

2.3.3 Faculty and non-faculty

2.3.3.1 Faculty

A person holding appointment as a faculty member may be designated as a PI by the cognizant department head with the approval of the Dean. Other individuals who are professionally associated with the University may also be a PI. This includes post doctoral fellows, adjunct professors, research associates, research faculty, and visiting faculty (if their association with the University spans the entire period of the award), as well as all faculty with a minimum of .50 Full Time Equivalent (FTE) or more. This does not include students; however, a USU student may be a co-principal investigator when the PI a faculty member with at least .50 FTE on appropriated funds.

2.3.3.2 Non-Faculty

Individuals who are not yet faculty members, but anticipate having faculty status prior to the University's receipt of an award may serve as a PI with approval of his/her future chair or director, and dean.

Doctorate and Post Doctorate employees may serve as a Co-PI on certain scholarship and fellowship proposals but should name their faculty advisor on the Proposal Information form.

2.4 Department & College

The Chair and the Dean sign the Proposal Information form to endorse the PI as follows:

- The Department agrees that the individual is eligible to be a PI at USU).
- The PI has, in general terms, the knowledge, time, and ability to work toward completion of the scope of work.
- The Department will take responsibility for the conduct of the agreement if the PI is not capable, able, or willing to complete the terms of the agreement. This includes over-expenditures or non-payments, which are the result of fault by the PI.
- The PI has the resources available which include equipment, space, and support to complete the scope of work. If resources are not available, that support is requested in the proposal or there is a pre-negotiated agreement with all appropriate University parties that the space, equipment, and/or support will be provided if the award is made.

- The Department Chair is aware of any potential conflict of interest and is willing to manage, eliminate, or minimize as required by the USU conflict of interest policy and federal regulations.
- The Department Chair is aware of any cost sharing/matching commitments, is aware of the source of the cost share/matching; and assures necessary commitments will be in place prior to the award.
- The Department Chair(s) of Co-PIs are aware of their participation and, if needed, have negotiated a Facilities & Administrative split if the Co-PIs are in different departments.
- That the Co-PIs have the resources available similar to 4 above.

2.5 VP for Research

The Office of Research and Graduate Studies provides administrative support for all pre- award administration, research support services, technology transfer, institutional regulatory compliance and University/industry research partnerships through Sponsored Programs, Technology Commercialization Office, Human Research Protection, Environmental Health and Safety and the LARC Center.

2.6 Technology Transfer

The Technology Commercialization Office (TCO) is responsible for identifying, protecting and transferring all technologies that are developed at USU and Utah State University Research Foundation (USURF) to private sector companies for commercialization. The TCO is also responsible for all material transfer agreements and proprietary disclosure agreements at these two institutions. TCO receives disclosures of intellectual property discoveries, works with the inventors to appropriately protect, market, and license these discoveries to external commercial entities.

2.7 IRB

Utah State University, Institutional Review Board (IRB) is responsible for compliance with the policies and regulations governing research with human participants and the requirements for submitting research proposals for review by the USU Institutional Review Committee. These policies and procedures apply to all research involving human participants, regardless of sponsorship and performance site, if Utah State University faculty, staff, students, or facilities are involved.

USU, as part of its Federal wide Assurance (FWA), in the "license" from the Department of Health and Human Services (DHHS) to function as an IRB has agreed to protect the welfare of all human participants involved in research, whether or not the research is conducted or supported by a federal department or agency. Therefore, the USU IRBs have jurisdiction over all human subject research conducted at this institution and does not recognize any exemption.

2.8 IACUC

Institutional Animal Care and Use Committee (IACUC):

Research, teaching, and testing activities dealing with vertebrate animals are overseen by the USU IACUC. The IACUC insures university compliance with the approximately forty Federal laws, regulations, and statutes governing such activities.

2.9 Controller's Office

The Controller's Office provides a system for financial reporting and accountability of all University, University-related funds and all Sponsored Programs funds, and is responsible for collection, disbursement and custody of these funds.

The office provides a number of services, including: cashiering (fee assessment and collection, and other cash collections); accounts payable; payroll; financial aid disbursement for students and loan collection; accounting services for plant funds, endowment funds, and auxiliary funds; and agency funds custodianship.

2.10 Budget Office

The Mission of the USU Budget Office is to provide leadership and coordination for the university state appropriated budget management and its related financial planning through a customer-orientated focus by using the latest technology and ideas.

2.11 Campus Information Systems

Provides security access to all sponsored projects accounts in FRS, Banner, Access and HRS.

2.12 Environmental Health & Safety

Environmental Health and Safety is the office that ensures compliance with regulatory requirements involving health and safety across campus. In particular, EHS conducts programs in Lab Safety, Occupational Safety, Waste Management, Training, Indoor Air Quality, Emergency Planning, Environmental Affairs, Chemical Inventory, etc. Any research project that utilizes or involves toxic chemicals or biological pathogens, radiation, recombinant DNA, or other potentially hazardous materials must contact EHS and ensure that all regulatory requirements are met prior to commencing research with such materials. EHS is responsible for the following committee activities:

- Energy and Environment Committee
- Institutional Biosafety Committee
- Laboratory Safety Committee
- Occupational Safety Committee
- Radiation Safety Committee

3 CHAPTER 3: RESEARCH ETHICS POLICIES

3.1 Conflict of Interest

Conflict of Interest (COI) means any outside activity, commitment, or interest that has the potential to adversely affect, compromise, or be incompatible with the obligations of an employee to the University or to widely recognized professional norms. It includes but is not limited to situations where the designated university official reasonably determines that a significant financial or other interest could directly and significantly affect the design, conduct or reporting of research technical or financial activities.

Federal and State of Utah regulations require the University to oversee any project that has a conflict of interest and to obtain approval from the President of the University ensuring that a managed conflict is in the public's best interest. The existence of a potential or actual conflict does not necessarily preclude funding or implementation of a project, it merely states that the University and the individual with the conflict will work together to modify, reduce or eliminate the conflict if it has a strong potential for negatively impacting the employee's position or research activities on campus.

The USU Conflict of Interest Policy and Disclosure form is published on the Office of Research and Graduate Studies website under Policies and Procedures.

3.1.1 Summary

3.1.1.1 What is a Potential Conflict of Interest?

A financial or ownership relationship between an employee or his/her relative with a non-university entity that could compromise (or appear to compromise) the integrity of the University's activities or that appears to result in utilizing University resources for private gain rather than public benefit.

3.1.1.2 What is required?

- Annual Reporting: Each employee fills out form at time of annual evaluation.
- Project Based Reporting: Report as soon as known potential conflict arises. Sponsored Programs Proposal Information should indicate positive or negative COI for each project.
- Annual Reports go to an individual's supervisor. Project specific reports go to the appropriate administrative official or the "designated official" for conflict of interest.

3.1.1.3 What must be reported?

Known outside activities of an employee or his/her relative that reasonably relate to University activities including the following:

- Leadership Positions: Disclose if an employee or his/her relative has been a director, trustee or officer of a for-profit or a non-profit entity whose activities could reasonably affect or be affected by the employee's research or other activities at the University
- Ownership Interests: Disclose if the employee or his/her relatives hold any ownership interests (including stocks, stock options, partnership interests, profit-sharing interest) in any for-profit

entity whose activities could reasonably affect or be affected by the employee's research or other activities at the University.

- **Intellectual Property Rights:** Disclose if the employee or his/her relatives assigned any intellectual property rights to an outside entity in the same or similar area of work for which the employee was hired to perform at USU or if the employee or his/her relatives had the right to receive royalty payments or other income relating to any intellectual property (e.g. technology, patent, software or creative work whether or not patentable or copyrightable) that has been licensed, assigned or is otherwise the subject of an agreement with an outside entity.
- **Consulting and Other Income:** The employee or his/her relatives received payments (including salary, gifts, consulting fees, expense reimbursement, honoraria, speaking or lecture fees, scientific advisory or review board fees, in-kind compensation) from any for-profit entity whose activities are related to an employee's research or other activities at the University.
- **Conflict of Commitment:** Disclose if an employee's outside professional, scholarly and research activities (for both non-profit and for-profit entities) exceeded one day per week on average over the reporting period (20% FTE).
- **Conflict with Student Rights:** If an employee or his/her relative has external financial or ownership interests that may impact a student's ability to publish results of their research or that may otherwise appear to impact decision making regarding a student's grades, evaluations, status or ability to graduate.
- **Other Financial Interests:** Disclose any financial interests or commitments that might affect an employee's judgment while performing duties for the University or that might reasonably create a conflict or the appearance of a conflict with the interests of the University or that significantly utilizes University property, personnel, students, space, equipment, or other resources.

3.1.1.4 Failure to disclose

Failure by an employee to disclose may result in disciplinary action under the USU code, criminal sanctions, or discipline by a funding agency.

3.1.1.5 Additional Information

The conflict of interest policy can be found in the administrative manual and is posted at <https://www.usu.edu/policies/545/>.

3.2 ETHICAL STANDARDS IN THE CONDUCT OF RESEARCH (Scientific Misconduct)

Definition: Misconduct includes, but is not limited to, fabrication of results, falsification, plagiarism, unauthorized use of intellectual property, including data of others, and other practices that seriously deviate from commonly accepted scientific reporting procedures. Unintentional errors in judgment or interpretation are not considered misconduct.

Statutes: Public Health Service (PHS), National Science Foundation (NSF), USU Code Policy and Procedures, (13.8 Article 5, Section 2.A.1.a.) the Code of Policies and Procedures for Students at Utah State University.

Purpose: To distinguish misconduct from the unintentional errors and ambiguities of interpretation inherent in the scientific process, provide an environment that promotes integrity, and establish policies and procedures that deal effectively with allegations or evidence of misconduct.

Applicability: All USU faculty, professional employees, staff, graduate and undergraduate researchers on funded research.

Procedures: Accusation of misconduct related to funded research must be submitted in writing through the Department Head/Center Directors and Dean of the college of the accused to the Vice President for Research (VPR). The VPR, in consultation with appropriate administrators, including the graduate dean in the case of graduate students and the college dean in case of an undergraduate student, evaluates the possible allegations and determines how to best resolve the matter (e.g. an admission of misconduct, an agreement on appropriate sanctions, or other appropriate action). The VPR must inform those making the allegations within 10 working days whether an inquiry will be held. If a confidential inquiry is recommended, a three-member Scientific Misconduct Committee (SMC) is appointed by the VPR and must complete its deliberations within 20 working days of the VPR's notification of the accused.

The SMC will operate according to the university, state, and federal laws, policies, and procedures pertaining to such cases. At least two members of the SMC must be tenured, senior faculty members from Utah state University who are not in the same department as the accused. In the case of an undergraduate or graduate student, one committee member must be a student at the same degree level. The VPR notifies the accused and the complainant of the proposed SMC composition. Either party may challenge up to two members of the SMC, with replacement based only on justifiable reasons. The VPR determines the validity of such challenges.

The VPR notifies the accused and the complainant in writing of the allegations, procedures, and committee composition before SMC deliberation begins. The respondent has the right to face the accuser before the SMC. The SMC has access to all information at the university that bears on the case. Throughout the proceedings, the principals speak for themselves, but each may have legal counsel assistance. The principals may present evidence and call pertinent witnesses. If the scope of allegations increases during SMC deliberations, the SMC notifies the accused in writing. All pertinent information needed to prepare a response is provided to the accused by the SMC.

SMC deliberations must be completed and a written report, including recommended actions given to the VPR within 20 working days of the VPR's notification of the accused. Documentation, minutes, and other pertinent information is held in confidence by the SMC during their deliberations and given to the VPR with their report. Copies of the SMC's report are given by the VPR to the accused, the Department Head, the Graduate Dean in the case of a graduate student, the College Dean, the Provost, and the President. If continuous findings do not substantiate the allegations, the VPR notifies the principals and does whatever possible to reestablish the alleged reputation. If allegations are judged to be true, the VPR, in consultation with those who received the SMC report, may recommend restrictions and limitation on research up to termination of employment or in the case of students, expulsion from a department, program, or college. If termination of employment or academic sanctions for students are recommended, standard university procedures (as found in the USU Code of Policy and Procedures and the Code of Policies and Procedures for Students) are followed. Written notification of the action to be taken, signed by the President, is submitted to the principals within 14 working days of the SMC report. The VPR notifies external sponsors and publishers when necessary.

Appeal: Appeals must be made to the President within 30 days (one month) of receiving written notification of action. Appeals are restricted to the evidence presented during the SMC's deliberations and limited to the SMC or university's failure to follow published procedures. The President's decision on appeal is announced in writing within 30 days (one month) of his receiving the appeal and is binding.

3.3 Whistleblower Policy

Whenever any USU Investigator is accused of serious misconduct in scientific or scholarly research, the university will conduct an inquiry, make a determination concerning the truth or falsity of the allegations, and take appropriate investigative and disciplinary action. The process of inquiry and investigation will be expeditious and protect the rights of all those concerned, including the complainant (also referred to as the "whistleblower," or "accuser") and the accused. Allegations of scientific misconduct by USU employees, whether initiated by USU faculty, staff, students, or by individuals outside of USU, shall be handled in accordance with USU Policy #403, "Academic Freedom and Professional Responsibility;" Policy # 407, "Academic Due Process: Sanctions and Hearing Procedures;" and USU's "Scientific Misconduct Procedures." In accordance with those policies and procedures, and with federal statutes, all findings of scientific misconduct at USU shall be reported to the cognizant funding agency of the federal government. USU cooperates with U.S. federal government agencies as required by statute in the prosecution of scientific misconduct inquiries and investigations.

4 CHAPTER 4: LOCATING FUNDING SOURCES

Sources of funding can be located through various means. Sponsored Programs is available to assist in using any of the funding searches available.

4.1 *Internal University Sources of Funding*

USU offers several opportunities for research funding from University sources. Information can be obtained through the Office of Research and Graduate Studies website or the Sponsored Projects website.

4.2 *External (non-University) Sources of Funding*

External funding can be located through networking, funding search engines, or program announcements posted on sponsor websites. The Sponsored Programs website is maintained with current funding information and links. Please visit our site for up-to-date information at <http://www.spo.usu.edu>

4.2.1 Networking

Networking with other investigators is a good source of locating funding sources. Networking can be done at an institutional level, as well as a national or international level. Sponsored Programs Information Network (SPIN) allows networking with other investigators interested in the same research via the GENIUS module. Professional organizations also allow networking by bringing together researchers from around the country/world to conferences and workshops.

4.2.2 SPINPlus

The Vice President for Research has purchased an annual License in SPINPlus, a service that provides access for members to a database of funding opportunities. Members can search for funding opportunities, sign up for email notifications, and look for fellow researchers. This site is restricted to USU employees. The Sponsored Programs Information Officer can offer detailed information about using SPINPlus. A link to SPINPlus is found on the [Sponsored Programs website](#).

4.2.3 Grants.gov

A move by federal agencies to one central electronic process has resulted in grants.gov. The online system is a source of federal opportunities. As the system grows, more federal proposal submissions will be done through grants.gov. Federal funding opportunities can be found at <http://www.grants.gov>

4.2.4 List of Resources

There are several funding research engines that can be utilized in the search for funding opportunities. SPINPlus (discussed above) is one such resource. Other resources include:

Grants.gov: <http://www.grants.gov>

Grants Web: government and private funding and resources
<http://www.srainternational.org/newweb/grantsweb/index.cfm>

Grants Net: research and education opportunities in science, math, engineering and technology
<http://www.grantsnet.org/>

Science Next Wave: career development resource for scientists <http://nextwave.sciencemag.org/>

Links to common sponsors and electronic program announcements can be found on the Sponsored Programs website.

CHAPTER FIVE: PREPARING THE PROPOSAL

Preparing the proposal may be the most important step in the grant process. Taking a systematic and methodological approach will result in a concise, well-written proposal that has a good chance of success.

5.1 RFPs, RFAs, BAAs, etc

The following definitions are of terms commonly used in proposal submission. These terms are common to federal agencies, although they may also apply to some private sponsors. When questions arise, one should always see specific agency guidelines for more information.

5.1.1 Program Announcement (PA)

A formal statement about a new or ongoing activity. PAs may serve as a reminder of continuing interest in a research area, describe modification in an activity, and/or invite applications for grant support. Most applications in response to PAs may be submitted for any appropriate due date and are reviewed with all other applications received at that time.

5.1.2 Request for Applications (RFA), Requests for Proposals (RFP), and Broad Agency Announcements (BAA)

A formal statement that invites applications in a specific scientific area to accomplish defined program objectives. The solicitation indicates the estimated amount of funds set-aside for the competition, the estimated number of awards to be made, and the application receipt date. Applications are usually reviewed by a Scientific Review Board.

Note: Specific Program Announcements (PAs), Requests for Applications (RFAs) and Requests for Proposals (RFPs) are published in the Federal Register or can be found using other sources such as grants.gov or SPINPlus.

5.1.3 New Proposal/Application

An initial request for financial assistance for a project or activity that is not currently receiving support and must compete with other proposals for support.

5.1.4 Renewal, Proposal/Application

A request for funding to renew, by one or more additional budget periods, an existing funded project that would otherwise end. (This can also be referred to as a competing continuation).

5.1.5 Supplemental Proposal/Application

A request for an increase in support in a current budget period for expansion of the projects approved scope of work. The request may specify budgetary changes required for the remainder of the project period as well as for the current budget period.

5.1.6 Revised (Amended) Proposal/Application

An unfunded application that the applicant has modified following initial review and resubmitted for consideration.

5.1.7 Non-competing Continuation Proposal/Application

A request for continuation of committed funding for the next budget period within an approved project period. This can also be called a yearly Progress Report.

5.2 Pre-Proposals/Pre-applications/Letters of Intent

Some sponsors may require a short pre-proposal from a PI that briefly outlines the project. Generally this includes a statement of work and may only require a cumulative budget figure. The pre-proposal should be routed through Sponsored Programs for review if the budget contains any F & A waivers or if cost sharing is to be included.

A letter of intent may be required when the PI is subcontracting or collaborating with another institution. USU treats subcontractor proposals in the same manner as any other proposal that would go directly to a sponsor and the proposal must be routed with a proposal information sheet, scope of work and budget prior to obtaining a letter of intent signed by the Sponsored Program Administrator assigned to your college/department/center to be provided to the lead institution.

5.3 Essential Elements of Proposal

The proposal is the document that will convince the sponsor that the project should be funded. Proposals can range from very large, detailed manuscripts to one page outlines. The sponsor will determine what information is required. Some sponsors are very stringent in their requirements, requiring a specific number of pages, margin width, and font size.

The responsibility lies with the PI and the University to assure that the proposal meets the sponsor's and the University's guidelines and requirements and that the proposal is accurate, and is easily understood by the reviewers. Those proposals submitted to federal agencies are subject to review under the False Statement and False Claims Act. Any false statement made in a proposal or report including a false claim on a budget or expenditure report is subject to federal regulations and can result in a fine and/or a jail term.

General information many sponsors expect include:

- A description of the goals and objectives of the project
- The key players
- The implementation plan and timetable
- Evaluation procedures
- The cost of the project

5.3.1 Face Page/Coversheet/Intro Letter

Some funding agencies have a special format for the cover page that you must follow. In the absence of such a format or application form, you should attach a basic cover page.

The cover page would include basic information such as sponsor, amount of requested funding, project time period, PI, Co-PI, and project title. The title should be short, simple, yet as descriptive of the actual project as possible.

5.3.2 Introduction/Abstract

The abstract should, in general, be no more than one page, double-spaced. The abstract should:

- Summarize the problem clearly and precisely
- Succinctly outline the procedure you propose to follow

5.3.3 Table of Contents

The table of contents organizes the project information so that a reader can easily distinguish and navigate between the different sections of the proposal.

5.3.4 Statement of Work/Project Deliverables

The statement of work is vital to your proposal. It should accurately reflect what you intend to do with the project. Due to the nature of research (outcomes are unknown), there is some flexibility inherent and you may be able to revise the statement of work when the design shows to be unsuitable. The statement of work or deliverables should be truthful and not inflated. You should propose only what you can realistically complete within the time and dollars set to the project.

In general, grants require a detailed statement of work while a contract will require a statement of deliverables.

5.3.5 Budget

The budget should be carefully developed following University and Federal policies. The proposed budget should be an accurate reflection of the necessary expenses associated with a sponsored project. Often sponsors have required budget forms or templates for use in proposal submission. If not, Sponsored Programs has a budget template available for PI use. Sponsor guidelines should be reviewed carefully for requirements or restrictions regarding the proposal budget.

http://spo.usu.edu/files/uploads/Proposal_Budget_Template.xls

5.3.5.1 Cost Accounting Standards and Uniform Guidance

All sponsored projects are governed by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) issued by the White House Office of Management and Budget (OMB) and generally accepted Cost Accounting Standards. These guidelines should be followed when formulating a budget.

Cost Accounting Standards Board-Disclosure Statement (CAS).

The University is required to comply with the Federal Cost Accounting Standards Board (CAS) and submit a disclosure statement to describe the University's cost accounting practices to the cognizant audit agency, Office of Naval Research (ONR). These standards require that the University maintain consistency in budgeting and expending, consistency in allocating costs to activities, accounting for unallowable costs and cost accounting periods. These standards, along with Uniform Guidance, State and University policy, dictate how the University budgets and expends externally funded projects, including both government and private sponsors. The USU CAS statement can be viewed on the controller's website.

These standards and Uniform Guidance should be kept in mind when developing proposal budgets.

5.3.5.1.1 Allowable, Allocable, Reasonable

When drafting a proposal budget, it is important to remember all costs should be allowable, reasonable and allocable.

5.3.5.1.1.1 Allowable costs

Those categories of costs that can be charged to a grant or contract. Certain types of costs are not allowable and may not be charged to a contract or grant.

5.3.5.1.1.2 Reasonable costs

A cost may be considered reasonable if a reasonable person would have taken the same action given the circumstance.

5.3.5.1.1.3 Allocable Costs

Those allowable costs that actually benefit the grant or contract to which they are being charged.

5.3.5.1.2 Unallowable Costs

Unallowable costs are not allocable to sponsored projects either as a direct cost or as an indirect cost. An example of an unallowable cost is alcohol.

5.3.5.2 Budget Elements – Direct Costs

Direct costs are costs that can be identified specifically with a particular sponsored project relatively easily and with a high degree of accuracy.

5.3.5.2.1 Personnel Costs

In a proposal budget, these costs are for USU personnel only. Non-USU personnel costs should be identified as consultants and/or independent contractors, or within a subcontract budget.

Salaries and Wages: Payments made to employees of the University for work performed.

Administrative Salaries: Salaries for University employees for administrative or clerical functions.

Administrative salaries may not be charged to sponsored activities unless specifically identified and justified in the proposal.

Do not quote hours or an hourly rate to a sponsor for faculty or professional staff. Hourly time records are not kept for these employees and hours worked on a project would not be substantiated under audit. Students must be paid according to USU policies and procedures. Contact Student Employment for further details.

5.3.5.2.1.1 FTE

Full-time equivalency: One full-time faculty or classified staff member. The actual hours in a FTE are determined by the type of appointment. When identifying a percentage of FTE on a proposal budget, the employee must determine the percentage in relation to all other activities provided to the University including all instruction, community service and other research activities.

5.3.5.2.2 Fringe Benefits

These are employee benefits paid by the institution. The benefit rate includes federal taxes, health and disability insurance, pension and retirement benefits, workers compensation insurance, etc. It does not include vacation or sick leave benefits. In sponsored activity budgets, an estimate of benefits is used based on a percentage calculation of the salary. Current rates can be found in the quick reference guide on the [Sponsored Programs website](#). Although proposal budgets are prepared using average rates, once the funding arrives, benefits are charged at their actual rates.

The appropriate fringe benefit must be added to the salary requested for all personnel when calculating a budget.

5.3.5.2.3 Travel

This category is for USU employees only. Most sponsors will pay travel costs if requested and justified. Reimbursement for travel expenses is subject to both University and the sponsoring agency regulations. Most sponsoring agencies require prior written approval for foreign travel. Travel costs include expenses incurred by employees who are in travel status on official business related to a sponsored project. They include travel, lodging etc. See the USU travel regulations for further details.

Travel costs are divided into two categories: domestic travel and foreign travel. Some sponsors have restrictions on foreign travel. See sponsor regulations for clarification.

5.3.5.2.4 Supplies

Lab Supplies: Items such as laboratory supplies and materials, glassware, lab notebooks, transparencies, report binders, and so forth that are used only for project purposes are justified as lab and technical supplies.

Office Supplies: Office supplies may **not** be directly charged to sponsored activities unless specifically identified and justified in the proposal. Charges such as administrative and clerical staff salary, office supplies, postage, long distance telephone calls and memberships should not be included in a sponsored project budget unless specifically identified and used on the project and fully justified.

5.3.5.2.5 Consultants

Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the University are allowable when reasonable in relation to the services rendered. There are many sponsors (mainly federal) that limit these costs. Costs for travel, per diem, clerical services, vacation, fringe benefits and supplies are exclusive of personal compensation and are allowable as appropriate.

A consultant payment can not be made to an employee of the University system. Instead, the individual must be compensated for services via applicable University personnel/payroll procedures. All consultant payments on a sponsored project must be in accordance with the University procedures and the applicable sponsor regulations.

5.3.5.2.6 Subcontractors

The need for a subcontract is normally anticipated during the proposal stage. This collaborative effort with another institution results when an individual's expertise is needed to fulfill the terms of the project. During the proposal phase, the subcontractor must provide a budget and scope of work signed by their Sponsored Projects Office (or equivalent). Subcontract costs included in the proposal and accepted by the sponsor in the award document are considered to be approved by the contract or grant officer.

Prior written approval is required from the sponsor if the need for a subcontract becomes necessary subsequent to the award. The subcontractor's complete budget and technical information will be appended to the PI's proposal.

5.3.5.2.7 Purchased Services/Vendors

Procurement on sponsored projects is made in accordance with the standard purchasing requirements of the State of Utah. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action.

5.3.5.2.8 *Equipment*

The appropriate facilities and equipment should be available for project activities. However, if this is not the case, purchase, rental, or lease costs should be included in the proposed budget. The budget justification will also contain a detailed explanation of the need to purchase, rent, or lease the facilities or equipment. According to University policy, equipment is considered to be an article of nonexpendable, tangible property having a useful life of two years or more and an acquisition cost of \$5,000 or more. Equipment purchases are not subject to F&A costs in the proposal budget. University and sponsors differ on the definition of equipment. Consult sponsor guidelines to determine how to fill out the sponsor proposal budget form.

When considering the possibility of renting equipment, one should determine whether renting is more economical than purchase of the equipment. If the rental or lease cost exceeds the purchase cost, additional justification will be necessary when seeking sponsor approval. Most sponsors normally approve equipment rental when it is not practical to purchase the equipment due to the short duration of a project or the equipment is not otherwise available within the University.

5.3.5.2.9 *Student Tuition, Fellowships, Participant Support*

Funding for grants-in-aid for graduate assistants paid from non-state funds or state funds not budgeted for assistantships must come from the funding source supplying the graduate assistant salary. Contact the Graduate School for current minimum salary requirements.

Student tuition, fellowships, and participant support costs are exempt from F&A calculation in the budget. Some sponsors have restrictions on allowing these types of costs. The RFP should be reviewed for any restrictions.

5.3.5.2.10 *Other Costs – Publication, Computer, Analysis, Etc.*

Publication:

Most sponsors encourage and in some cases require the publication and distribution of project results and accomplishments. Most sponsors will permit the cost of publication, including page charges, necessary illustrations, and reprints to be charged to project funds, if budgeted accordingly. Most sponsors require acknowledgement of their support in all publications, whether copyrighted or not. Most sponsors have either a required or suggested statement acknowledging support of a sponsored project and often require a disclaimer statement such as:

Any opinions, findings, conclusions or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the sponsor.

When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects funded in whole or in part with federal money, the University shall clearly state:

- The total cost of the project
- The dollar amount of federal funds for the project
- The dollar amount of other funds for the project
- The percentage of federal dollars involved to the total project cost

Most sponsors also require copies of all articles relating to sponsored project results that are published in a scientific, technical, professional journal or publication.

Computers:

Expenditures charged to a sponsored project for a computer must be verified and subject to audit. Normally, charges for the use of PC's on a sponsored project will not be allowed. The recovery of use allowance for University titled equipment is through the F&A allocation. Actual maintenance charges will be allowed only after certification that the equipment was being used on the project.

Specialized Service Facilities:

The cost of services is any separately accounted for activity (highly complex or specialized facilities) of the University, which provides and charges for goods or services primarily to departments on campus. It will be charged directly to users based on actual use of the service and a schedule of rates that does not discriminate between federal and non-federal supported activities. The charges are designed to recover not more than the aggregate cost of the services over a long-term period agreed to by the University and their cognizant audit agency. Contact the Controller's Office for further details.

5.3.5.2.11 Restricted Costs

Those costs considered indirect costs should not be charged as direct costs on the proposal budget.

5.3.5.3 Budget Elements – Facilities and Administrative Costs (F&A)

Formerly called overhead, indirect costs (IDC) or Indirect Cost Recovery (ICR), Facilities and Administrative Costs (F&A) are those costs that cannot be separately identified with a specific project, but which are nevertheless incurred by the University as a consequence of conduct of the project. They are costs that are incurred for common or joint objectives and therefore, cannot be identified readily and specifically with a particular sponsored project. The costs are classified within the two broad categories of facilities and administration. They are sometimes called “overhead” and expressed as a standard percentage of certain direct costs. Uniform Guidance requires all federal sponsors to pay the University’s federally negotiated rate unless an agency has a statutory exemption. One example is the USDA CSREES statutory limitation of F&A to 19% of total project costs or 23.456% of modified total direct costs. Direct appropriation of funds also known as “earmarks” must include full F&A as part of the project proposal unless the agency has a statutory limit in place.

F&A costs are reimbursement for actual costs. Full F&A should be calculated in the proposal budget. It should be emphasized that F&A costs are not merely convenient accounting fictions; they are factual obligations and costs incurred by the University. The assessment made against sponsors for F&A costs, therefore, is reimbursement to the University for costs actually incurred. It is not in any sense profit, bonus, or a service fee. The University cannot afford to accept funds for activities without recovering the total (direct and F&A) costs of the activities. When the University must pay these costs from their own funds, money must be diverted from other needs. On rare and unusual circumstances, the University may agree to waive F&A based on an assessment of the value of a program to the University as a whole and not just to a specific investigator or department.

Responsible sponsor representatives are fully aware that F&A are a sizeable portion of the total cost of supporting research. Sponsors judge proposals not by the F&A rate but by the professional standing of the faculty member, the merit of the proposed work and the pertinence of that work to their own goals.

5.3.5.3.1 F&A Rate agreement with DHHS

USU’s cognizant federal agency is ONR. The agreement under which USU operates was signed June 30, 2005.

5.3.5.3.2 Elements of F&A cost

Facilities: depreciation and use allowances, interest on debt associated with certain buildings,

equipment and capital improvements, operations and maintenance expenses and library expenses.

Administration: general administration and general expenses; departmental administration; Sponsored Projects administration; student administration services; and all other types of expenditures not listed specifically under one of the subcategories of facilities.

5.3.5.3.3 *Calculating F&A costs*

The F&A rate is a percentage of a base amount established by negotiation with the cognizant federal agency on the basis of the institution's projected costs and distributed as prescribed in OMB A-21. The appropriate F&A rate to be used is determined by the type of project work. Sponsored Project types are: research, instruction, public service, student service. Current rates can be found on the Sponsored Programs website.

To determine F&A costs, calculate the sum of all budgeted costs that fit the definition of modified total direct costs (MTDC) and multiply by the appropriate F&A rate (a percentage).

The MTDC would include all budgeted direct costs with the exception of:

- Tuition
- Subcontracts (on the amount over the first \$25,000)
- Capital Equipment
- Participant Support

The on-campus F&A rate will be applied to any sponsored project that requires utilization of University equipment, library service or University space (space owned or leased by the University and not leased by the sponsored project). The on-campus F&A rate applies to most sponsored projects.

The off-campus F&A rate will be applied only to sponsored projects in which the work is required to be based off-campus because of the nature of the work and the requirements of the award. Convenience of the employee or telecommuting is not a consideration.

5.3.5.3.4 *Requesting an F&A waiver*

It is the policy of the University to collect the full amount of the negotiated F&A rate on all sponsored projects.

Waiver: The difference between the University's approved F&A rate and the sponsor's F&A rate. All waivers must be approved by the Director of Sponsored Programs or the Vice President of Research.

If a sponsor has a written policy of paying a specific F&A rate for all similar agreements regardless of which institution or site is the recipient of the funds, Sponsored Programs will take this policy into consideration when reviewing the proposal. The PI will need to supply a copy of the sponsor's policy at the time of proposal review. The Director of Sponsored Projects has the authority to accept extramural funding at less than the maximum allowable F&A rate and also has the authority to refuse a sponsored project when full F&A is not recovered.

5.3.5.3.5 *Waiver of (F&A) Guidelines*

WAIVER of Facility and Administrative Costs (F&A) Guidelines

Purpose: To provide consistency in how requests for waivers of F&A will be treated consistently and equitably across campus. To expressly provide for particular waivers. To eliminate historical waivers that are no longer justifiable.

Challenge: Currently, USU is actually collecting overhead in at a rate of roughly 13% TDC. This amount is comparatively low with other Universities collecting around 20% to 25% TDC – a reasonable goal for USU. Historically, waivers that were granted on a one time basis have been perpetuated over time and multiple waiver requests were simply approved for historical reasons.

Importance: F&A costs are real costs associated with a project, not simply a University tax. F&A costs are based on the University’s real costs incurred whenever we accept an externally funded grant or agreement. Costs associated with the F&A negotiated rates include: electrical, utility, and maintenance costs of buildings, office supplies, memberships and subscriptions, general IT support and both department level and central administration including accounting, purchasing, sponsored projects, payroll, library costs, etc. I have heard many faculty complain that they do not have sufficient departmental administrative support for their research endeavors. Part of the problem is that we are not collecting enough F&A to support the administrative functions on campus. When we do not collect these costs, we are hurting the research enterprise as a whole.

General Rule: The University will budget for and collect negotiated F&A rates on all sponsored projects unless F&A costs are waived as per the exceptions in this policy.

Exceptions:

- University will accept sponsors’ universal published limitations of F&A. (i.e. Muscular Dystrophy Association 10% etc.)
- Exceptions by statute or regulation for federal sponsors (i.e. USDA 23.456% TDC statutory rate)
- State entities – Various rates

Cons: Faculty all feel that their project is unique and worthy of a waiver. (If one project receives it, theirs’ should too). Limited amount of funds from sponsors means that faculty will have fewer “direct” costs to support their project. Faculty may not submit a proposal at all if F&A is collected. Sponsors may not fund a project if the cost is too high.

Experience: Based on conversations with other institutions that implemented a “no waiver” policy on their campuses, restrictions on waivers did not have any impact on the amount of Institutional funding. In fact, overall funding increased instead of decreased because:

- A) faculty stopped using University overhead as a bargaining chip in budget negotiations (they used scope of work reductions instead).
- B) faculty adjusted scope of work to fit within amount of funds available.
- C) faculty began giving sponsors a higher estimate of cost from the outset of a program to cover their full costs.
- D) investigators turned their focus to preparing proposals to sponsors who were willing to pay the full cost of a program instead of submitting to lower-end sponsors and
- E) faculty began submitting “leveraging” proposals with additional sponsors to cover the full cost of their research or instruction program.

5.3.5.4 Budget Elements – Cost Share and Matching

5.3.5.4.1 Nature and Definition of Cost Share & Match

Cost share and matching refer to the costs of a project not borne by the sponsor. Cost share includes the portion of the total project cost which the University is required to expend in order to meet the terms and conditions of the sponsored project. The sponsor will have its cost share/match requirements listed in the RFP. The PI must provide a copy of the sponsor’s cost share/match policy at the time of proposal

submission. Voluntary cost share will not be approved. Cost share can come from a variety of sources including the PI's start up or F&A account, the Department or College chair and dean and/or the Vice President for Research. The Proposal Information sheet must include all Cost Sharing and/or Match and include index numbers. A signature on the Proposal Information sheet which identifies cost share serves as the PI, chair and dean approvals for cost share commitments. A separate memo from the VPR must accompany a proposal that includes VPR committed support.

5.3.5.4.1.1 Definitions

Cost Share: the sponsor encourages the University to share in the cost of the project.

Matching: the sponsor is required by statute to have the University share in the cost of the project.

Cash Match: University salary and fringe, supplies and equipment purchases are considered University cash match.

Third Party In Kind: Third party cost share includes voluntary service from a non- University and non-federal source.

5.3.5.4.2 Methods of calculating cost share

All contributions, including cash and third party in-kind, shall be accepted as part of the University's cost share or match when such contributions meet all of the following criteria:

- Are verifiable from the recipient's records
- Are not included as contributions for any other assisted project
- Are necessary and reasonable for proper and efficient accomplishment of project objectives
- Are allowable under the applicable cost principles
- Are not paid by the sponsor under another award, except where the sponsor authorizes it to be used for cost sharing or matching
- Are provided for in the approved budget when required by the sponsor
- Un-recovered F&A costs should be included as part of cost sharing or matching except when prohibited by the sponsor
- In Kind Services must be valued based on reasonableness given the type of in-kind service (for example, if a lawyer provides in-kind time handing out cookies to research subjects, her time can not be valued at a lawyer's billable rate. The time would be valued at the reasonable rate someone could expect for a job involving handing out cookies).

The PI should carefully consider the amount of cost sharing or matching that is actually required as well as the difficulty involved in documenting it. Unfulfilled promises (or poor documentation) will result in a disallowance to the project when audited. The sponsor can reduce their support and require reimbursement if the university fails to provide all promised support.

Many sponsors require the cost share to be reported when Sponsored Programs submits invoices. Therefore, the amount of cost share and the expenditures reported must be in the same ratio as required in the award.

5.3.5.4.3 Items Not Allowed as Cost Share

When the University agrees to provide cost share on a project, the University's money is treated as if it were the sponsor's money. Thus, cost share must follow the same rules and requirements as the project award. If a cost is restricted or unallowable on the funded project, it is also restricted and unallowable on the cost share commitments. Cost share must be expended during the same start and end dates as the project for which it is matched. Specific items that are not allowed as cost share include:

- Costs incurred outside the start and end date of the project
- Costs already used to match another project

- Restricted or unallowed expenses under Uniform Guidance such as entertainment or food costs
- Costs that did not benefit the project
- Administrative and clerical salaries, office supplies, memberships, subscriptions, etc. unless these costs have been fully justified as unique and unusual and approved by the Sponsor
- Existing Space, Facilities and Equipment, and Utilities

5.3.5.4.4 Impact

Impact of cost share on the University: whenever the University agrees to provide cost share on a project, the University incurs financial obligations during the term of the project, but cost share can also have a long-term and extensive negative impact on University reimbursements for sponsored projects after the project is over. Because cost share is treated as if it were sponsor funding, it is included in the research base used to calculate the University's negotiated F&A rate with the federal government. The larger the research base, the lower the F&A rate goes. Thus, the cumulative affect of cost share serves to reduce the University's future F&A rate. Even a 1% change in the rate can result in millions of dollars that could have otherwise been collected and utilized by the University to benefit research. Thus, the University strongly opposes including voluntary cost share on projects and encourages utilizing cost share only when cost share is a stated eligibility criterion from the Sponsor. Work with your sponsored programs administrator to reduce out of pocket cost share commitments.

5.3.5.5 Budget elements – budget justification

The budget justification is an important section in all proposals. The budget justification should be used to explain the cost of an item and to indicate how it relates to the research plan. The information should be sufficiently detailed to address all sponsor concerns with respect to cost and need. In general, explanations should be more detailed for competing than for non-competing applications. In some instances it is possible a sponsor will not require detailed budget information. While Sponsored Programs can provide you with advice as to the extent of certain budget justifications, ultimately it is the PI's responsibility (except with respect to statements bearing on policy) to provide the extent of justifications for the various items. Common sponsor justification requests include (but are not limited to):

- Explanation of project salaries including percent of effort and total salary base
- Explanation of fringe benefit calculation
- Explanation of what travel is for and details on the number of persons traveling, lodging, per diem, etc
- Explanation of how expenses were derived for supplies, analyses and/or equipment i.e., from past experience, quotes, etc
- Explanation of F&A rate calculation
- Justification of any restricted items (unallowable costs) and specifications of why they are unique to the particular project.

Some investigators mention in the budget justification that additional effort not listed in the budget will be provided. In other cases, they indicate that the funds requested in other budgetary categories are insufficient for the proposed research and will be supplemented from other sources. This is considered cost-sharing commitment. In general, the University recommends that PIs cost share only if it is required by the sponsor. Please refer to the cost share section for further information.

5.3.5.6 Budgeting over time – allowing for inflation

Allow for 3 – 5% increase per year or the amount allowed per agency requirements.

5.3.5.7 Leveraging funds (Scientific Overlap)

Often it is necessary to have multiple funding sources for a project. Frequently, there will be a combination of federal and private sources or multiple federal and private sources. It is critical that each sponsor be fully aware that other entities are providing funding, i.e., full disclosure of funding support. This becomes even more important if the funding has or may generate patentable intellectual property.

When soliciting federal support, it is acceptable to submit essentially the same proposal to more than one agency. Funding cannot be accepted from more than one federal agency on the same work. In order to leverage the funding, the project must be separated into discrete sections. Another option is to work with the agencies to jointly fund the project either through the transfer of funds or a memorandum of understanding.

5.3.6 Curriculum Vitae (CV)

Two separate items are needed to describe each person participating in the project: the curriculum vitae and a two-paragraph brief description.

The brief description should not be a condensed summary, but a short narrative of each person's previous experience and how it relates to the proposed project. The material should be presented to convince a reviewer that the personnel are qualified to conduct the project. Emphasize any special qualifications which uniquely qualify the personnel for the project.

As an appendix to the proposal, include either the CV for all professional personnel or a description which includes the following:

- Name
- Date and place of birth
- Education
- Experience - list chronologically, professional appointments and any relevant consulting assignments.
- Presentations – list lectures given at professional meetings, research institutes, universities, etc. Emphasize those that relate to the proposal content.
- Assignments – list professional committees, editorial boards, leadership roles, etc.
- Publications – list in reverse chronological order all publications in professional journals. Give the complete reference including the title of the paper. Include any articles in press or recently submitted but not yet published, especially if they relate to the proposal content.

5.3.7 Current and Pending Support

Virtually all proposals require that the PI and co-PI list his or her current and pending support as a part of the application. All current project support from all sources (federal, state, local government, foreign government, public or private foundations, industrial or other commercial organizations, etc.) must be listed. The proposed project and all other projects or activities requiring a portion of time of the PI and other senior personnel must be included, even if they receive no salary support from the project(s).

The total award amount for the entire award period covered (including F&A) must be shown as well as percentage of effort to be devoted to the project, regardless of source or support. Similar information must be provided for all proposals already submitted or submitted concurrently to other possible

sponsors.

Commitment overlap occurs when any project personnel has percentage of effort commitments exceeding 100%. This is the case whether or not the grant includes salary support for the effort. While information on other support is only requested for key personnel (excluding consultants), no individuals on the project may have commitments in excess of 100%. If an award will result in a commitment overlap of over 100%, the

University and the sponsor(s) will resolve the overlap when the award is being negotiated.

The False Claims Act imposes liability for treble damages against anyone who knowingly submits a false statement to the government in an effort to obtain federal funds.

5.3.8 Facilities and Equipment

This section is used to describe the facilities in both the general and specific environment in which the PI works. This element may vary from a description of the West, Utah, Cache County or Logan to a description of the precise laboratory in which the PI works or the specific equipment used. The criterion used should be the appropriateness or relevance to your project. In general, include the following:

- An overall description of the institution which justifies why this particular project should be conducted at USU
- An emphasis on any overall institutional commitment to research in this area and the project specifically
- A description of USU's support facilities which will be useful in the project (computer, library, etc.)
- A description of the general purpose or specialized equipment to be used in the project (testing equipment, electron microscope, etc.)

5.3.9 Certifications and Representations

Due to federal mandate, the University often must certify that it conducts its activities in accordance with specific federal laws or regulations associated with the obligations of entities which received federal funds.

These assurances to the federal sponsors constitute a "promise" on the part of the University that it understands the sum and substance of the regulations and that the University will do its best to comply with the regulations. Acting as the certified official, the Contract Administrator assigned to your college/department/center will sign any certifications or representations requiring a signature.

Representations and certifications required to be submitted with the proposal vary, depending on the agency and contract amount. The grant application or the RFP will clearly specify which certifications are required. Examples of commonly required certifications are:

- Lobbying certificate
- Debarment and suspension
- Drug free workplace
- Procurement integrity
- Certificate of current cost and pricing data
- Contract pricing proposal cover sheet

- Statement of intent to establish a consortium agreement
- EPA procurement system certification
- Section K certifications
- Short form research contract-research proposal cover page
- Certificate of environmental and safety compliance
- Financial audit information
- Small business and small disadvantaged business subcontracting plan
- NEA applications

Many agencies have a single form that covers a general set of certifications regarding employment assurances such as non-discriminatory practices, accuracy of cost and pricing data, employer identification number, etc.

Because certification requirements are constantly changing, Sponsored Programs monitors federal requirements in these areas. Whenever there are questions about required certifications and representations please direct them to Sponsored Programs.

5.3.10 Appendices – Letter of Commitment, etc.

Appendices should be used to include information which is relevant, but not essential to the project.

5.4 Protecting Confidential Information and Intellectual Property in the Proposal

The University and its faculty thrive on the free interchange of ideas and discoveries with their scientific peers around the world. However, there are important reasons for why the University desires to protect intellectual property developed by University employees.

- 1) Unprotected ideas that are left in the public realm are seldom developed commercially because without exclusive rights, commercial entities are reluctant to invest the large amounts of money necessary to fully develop and market and end product. Thus, without protection, the good ideas may never make it out to the marketplace.
- 2) Universities have begun playing a large economic role essential to the well-being of the immediate locale and the US economy. Without protection of ideas, the state of Utah and the US serves to lose economic viability and is less likely to have an impact on diversification of the local economy resulting in fewer job opportunities for its graduates and a loss of the technology advantage in global competition.
- 3) Increased competition for federal funding has made diversification of funding resources extremely important. Alternate sources of funding for research and development activities includes industrial research funding which usually requires technology to be patent protected. If researchers act without regard to the patent values of their discoveries and activities, the value of their discoveries can be lost resulting in less funding for their ongoing research activities.

So, what must a faculty member be aware of and what actions must he or she take at the proposal development stage to insure protection of intellectual property?

A broad definition of an invention is “anything that’s new.” However, to be patentable, the new idea must be “the discovery or creation of a new material, process, use for an existing material, or any improvement to any of these.” In order to have an invention, there must be both a conception of an invention and there must be a reduction to practice. In other words, an idea alone is not sufficient to constitute a patentable invention, there must also be a demonstration that the concept actually works.

This does not necessarily mean that you must prepare a working model, system or prototype. It only requires that the concept can be shown to work which can be done through drawings, formulas, and other means. If you are not sure whether your idea requires protection, contact the Technology Commercialization office for an authoritative determination.

Once a patentable idea is published, it is deemed to be in the public realm and if not protected prior to publication, the University will lose all worldwide patent claims to the ideas. In the United States, an inventor has one year to file patent claims after publication. However, other countries require protection of patentable discoveries prior to publication. Proposals submitted to federal entities are treated as confidential up until an award is made, at which point, the information included in the proposal is deemed to be published. Therefore, when drafting proposals, a principal investigator should mark all pages containing enabling information about their invention as proprietary and confidential to avoid release of such information upon award. An even better approach is to disclose the idea to the Technology Commercialization Office before submitting the proposal to insure patent protection prior to publication. If you are working with industrial sponsors or other collaborative institutions to develop a proposal, you will probably want to obtain a non-disclosure agreement with the collaborators prior to sharing your patentable ideas with them. The TCO can assist you in developing and negotiating these agreements.

Chapter SIX: SUBMITTING THE PROPOSAL

All proposals and/or applications for external support must be reviewed and approved by Sponsored Programs prior to being submitted to the sponsor because:

- Sponsored Programs assists the PI(s) by reviewing the proposal for compliance with sponsor guidelines and University requirements
- **Sponsored Programs has the legal and fiduciary responsibility to ensure that all University, sponsor, state and federal regulations, laws, and policies are met**

The Administrative sections of the proposal, whether sent in paper or electronic form, must be reviewed and approved by Sponsored Programs prior to being submitted to a sponsor. A minimum of two working days are required to completely process a proposal. This time frame allows Sponsored Programs to fully review the sponsor's requirements and the proposal. Corrections must be submitted to Sponsored Programs for review prior to submission to the sponsor. After submission a copy of the full proposal must be submitted to Sponsored Programs, no later than 7 working days.

Please note: electronic submission may result in a longer processing time due to many different types of electronic systems.

For proposals that are either sent to sponsoring agencies without being reviewed and approved by Sponsored Programs, or which have been given to Sponsored Programs with less than 24 hours to review, the following may occur:

- The University reserves the right to withdraw the proposal
- The University has the right not to accept the award if funded
- The University has the right to renegotiate the terms and conditions, budget, resources, etc., before accepting the award

Note: The award will not be accepted if the proposal contains elements which are inconsistent with

University policy, has objectionable terms and conditions, requires resources not approved prior to the proposal, fails to include the appropriate amount of F&A in the budget, or does not receive Chair and/or Dean approvals on a transmittal sheet.

6.1 Institutional Requirements

In order for a proposal to be endorsed by Sponsored Programs, it must meet Utah State University institutional requirements.

6.1.1 Internal Approvals and the Transmittal Form

Please let your Contract Administrator know about your intention to submit a proposal to an external sponsor as soon as possible. Contract Administrators are available to answer your questions regarding RFP requirements, budget preparation issues, forms and electronic submission requirements at any time. Although Sponsored Programs is available to assist you during proposal preparation, it is helpful to us in tracking proposals, to have a transmittal form as early as possible and no later than 2 days prior to submission of the proposal to the sponsor. Sponsored Programs will officially approve proposals only after the internal routing process is completed using a Proposal Information Sheet (SP01). Proposals can be submitted to the sponsor only after Sponsored Programs has received the proposal and a fully signed transmittal. The information contained on the transmittal is used to track important information and to verify department/college approval.

A PI should fully complete the Proposal Information Sheet which is available online at the Sponsored Programs website. All questions on the transmittal should be answered and all signatures present. A fully signed transmittal should be given to Sponsored Programs with a full copy of the proposal. Multiple signatures are required when Co-PIs are involved including all PIs, Department Chairs, and Deans. Any Co-PIs signatures along with Department Chairs and Deans maybe obtained after submission but received by Sponsored Programs no later than 30 days.

A Proposal Information Sheet should be completed for all new proposals, renewals, supplements, extensions of time, or any expansion of cost share commitments. Transmittals are not budget revisions or changes to scope of work.

6.1.1.1 Approvals: PI, Chair & Dean

By signing the Transmittal, the PI, Chair, and Director/Dean agree to the following:

Financial:

- You reviewed the budget.
- You agree with any matching and cost sharing requirements including both cash and in-kind.
- You agree with any commitment for distribution of returned F&A.
- You, your college, and your department will take reasonable responsibility for over-expenditures and/or lack of reimbursement from the sponsor due to non-performance of the University researcher(s).

Resources/Personnel:

- You have agreed to any proposed space allocation or renovation as indicated in the proposal or on the transmittal
- You agree with any commitment of time proposed, including any proposed re-assignment from

- teaching during the academic year
- No undergraduate or graduate student's education/research will be compromised by his or her participation in the project

Administrative

- The PI qualifies to be a principal investigator by University standards and your department is committed to supporting the project.
- The proposal is compatible with the PI's expertise and capability.

6.1.2 Conflict of Interest Processes

All conflicts of interest must be reported to the appropriate authority per University policy and procedure. Conflicts of interest will be managed per federal, state, and University guidelines. See the USU Conflict of Interest Policy for further information.

6.1.3 Regulatory Compliance Processes

If a proposal involved human subjects, biohazardous materials, or animals, it is the PI's responsibility to contact the appropriate department during the proposal phase. The Institutional Review Board, Environmental Health and Safety, and Animal Welfare should be consulted with any questions regarding compliance on a proposed project.

6.2 Sponsor Requirements

Many sponsors have different requirements. Read the RFP carefully and follow all directions regarding proposal submission.

6.2.1 Paper Submissions

The PI is responsible for mailing (or otherwise delivering) the proposal and required copies to the sponsor unless other arrangements have been made.

6.2.2 Electronic Submissions

Many sponsors have developed electronic submission procedures. Some of these electronic systems do not require submission through Sponsored Programs.

University policy still requires Sponsored Programs review and approval of the proposal prior to submission. Please note: electronic submission may result in a longer processing time due to many different types of electronic systems. Check with Sponsored Programs prior to beginning an unfamiliar electronic proposal system.

CHAPTER SEVEN: Negotiating Award Terms & Conditions

All federal and private sponsored contracts/agreements must be reviewed by an administrator in Sponsored Programs prior to being signed by the Director of the Sponsored Programs. All grants and Utah State contracts requiring signature by the University will be signed by the assigned Contract Administrator. All language and requirements must be allowable under USU policy. If there is objectionable language or requirements, the Contract administrator will negotiate with the sponsor to reach a mutually agreeable resolution.

7.1 *Types of Award Documents*

7.1.1 Grant

A grant is a type of financial assistance awarded to the University, on behalf of an individual, for the conduct of research or other program as specified in an approved proposal. The principal purpose of the relationship is the transfer of money, property, services, or anything of value to the University in order to accomplish a public purpose of support or stimulation authorized by federal statute. The statement of work allows the PI some freedom to change emphasis within the general area of work as the project progresses. A grant is a contractual document but often incorporates different terms and conditions than those denoted in a contract.

In general, the following criteria identify a grant:

- The award carries terms on the use of funds as specified budgetary restrictions; the objectives to be achieved by use of the funds; the program in which the work will be carried out; the individual responsible for completing the work; the period of performance; and the invention rights.
- The sponsor retains authority to withhold funds pending satisfactory completion of project objectives. Unused funds may be returned to grantor.
- Formal financial accounting, during the life of the project, at its termination, or both, is required and the funds must be placed in a restricted project.
- The sponsor requires reports related to the substance of the work during the life of the project and/or at its termination. Copies of published materials may also be requested by the sponsor.
- Periodic payments are to be made to the University so that the financing of a project is on a continuous basis.
- F&A costs are usually included in the funding, and there is a commitment of University facilities, personnel, or other resources.

Generally, research-related awards from corporations, corporate foundations, and major private foundations are subject to specific restrictions and contingencies will be classified as a contract. However, the classification ultimately depends on the terms attached to the award.

7.1.2 Cooperative Agreement

A cooperative agreement is a funding mechanism which can be used by federal agencies when a program requires more agency involvement and restrictions than a grant but requires less agency

supervision than a contract. A Cooperative Agreement is used whenever the awarding office anticipates that there will be substantial programmatic involvement with the recipient during the performance of the activities..

7.1.3 Contract

A contract is a mechanism for procurement of a product or service with specific obligations for both sponsor and recipient. Typically, the sponsor specifies a research topic or a service and the methods for conducting the research/service in detail, although some sponsors award contracts in response to unsolicited proposals. There is an expectation of specific deliverables within a specified time frame. There is generally less flexibility in the method used for carrying out the plan of action.

In general, the criteria for identifying a contract are the same as those for a grant except:

- The award is subject to formal conditions outlined in a contractual instrument signed by both parties.
- The sponsor often places more restrictions upon expenditures allowed in the pursuit of the activity (e.g., clauses concerning "Buy American", ceiling on certain spending, etc).
- Financing may be on a cost-reimbursable basis, although the University tries to arrange some method of advance funding where necessary. Some fixed-price contracts may provide for lump sum or incremental payments as work progresses.
- The sponsor requires periodic progress reports and some array of others including invention reports, royalty reports, financial status reports, equipment inventory reports, etc.
- Often there is intellectual property, confidentiality, and/or publication conditions associated with receipt of the funds.
- A closing audit is sometimes required.

The University has developed various contract or agreement templates to meet the needs of a wide variety of research interests and service commitments of the faculty. These agreements are good starting points to develop contracts with various agencies. Agencies may also have their own agreements and wish to use those as starting points for negotiations. It is important to remember that no two projects are the same and there will be some differences in specific agreements. The University has some flexibility in terms and conditions, but there are some specific requirements, which are governed by certain laws, that cannot be altered. Administrators in Sponsored Programs will negotiate terms, conditions, and language depending on the circumstances of the each specific project.

The following are areas in which the University has standard boilerplate agreements to begin the negotiation process: cost reimbursable, fixed price, master agreement.

7.1.3.1 Cost Reimbursable

The cost reimbursable is the preferred type of contract for University research and service. This contract provides for payment of actual costs both direct and F&A, for performance toward contract objectives as specified in the statement of work. This type of contract offers less risk to the University as it implies best efforts toward the completion of the task but offers no guarantee of specific outcomes.

7.1.3.2 Fixed Price

The fixed price contract provides a total-sum payment or lump sum payment schedule for performance of specific tasks or delivery of a certain number of products or services. Fixed price contracts should only be used when costs for quantity and/or delivery are readily and easily definable. This type of contract offers more risk to the University and the PI because the delivery of the product or service is still required even if there are additional costs over the contracted amount.

7.1.3.3 Research Agreement

This agreement is used when an organization wishes to advance the state of knowledge in a specific discipline area. Usually the PI is asked to use investigative methods in studying, testing and/or proving a hypothesis. The specific outcome is unknown although the direction of the research will be narrowed as the state of knowledge becomes more advanced. Intellectual property is a logical result of this research.

7.1.3.4 Service Agreement

This agreement is used when a PI uses pre-existing protocols, models, methods, or software to analyze, test, opine, or draw conclusions using the collected data. Publications are the logical conclusion of this effort.

7.1.3.5 Clinical Service Agreement

Clinical Services Agreements are used with pharmaceutical companies or other sponsors for clinical service studies or trials. Agreements received from sponsors can have several different names including "investigator agreement", "research contract", "clinical investigation agreement," and "clinical services agreement." A sponsor may also request that the PI complete a "Confidentiality Agreement" or "Confidentiality and Non-Disclosure Agreement" before sharing a protocol or agreement for proposed clinical work.

7.1.3.6 Sub-agreement

A sub-agreement can also be referred to as a subcontract, sub-award, or a sub-grant. The PI may decide to have entities outside USU carry out a discrete part of the research. These third parties will be performing some portion of the research as a self-contained effort, which is part of the intellectual activity of the project, as defined in the prime contract from the awarding agency. The work is accomplished under the authority of a responsible non-Utah State University PI at a work site using the resources of the third party.

7.1.3.6.1 Definitions

Prime Sponsor: The primary awarding sponsor or agency who is the initial source of funding. Most agencies require prior approval before USU may enter into a sub-agreement.

Sub-agreement: Either a subcontract or sub-grant, depending on the award from the prime sponsor, entered into between USU and an approved third party. This agreement specifies the performance of a defined portion of the intellectual activity of the project, as a self-contained effort, at a location away from USU using the resources of the third party.

Vendor: A purchased service with an organization or individual providing a service such as data analysis, expert consulting, materials testing, computer programming, etc. where the responsibility for the intellectual direction of the efforts rest with the University. Either a professional services/consulting agreement or a purchase order is used to obtain these services.

Sole source: is a sub-agreement, which does not require full and open competition. A proposal, which specifies a specific sub-recipient and subsequently receives a prime award, is usually enough justification for a sole source. However, a sole source letter may be required by the procurement office.

F&A Costs: USU calculates F&A on the first \$25,000 of each sub-agreement for a project period. Any amount above \$25,000 for each sub-agreement is not subject to F&A for the remainder of the project period. However, the University as the award recipient or sub-recipient will defer to the written, universal, F&A policy of the awarding sponsor, if different from above. The sponsor's policy will also be passed to the University's sub-recipients.

Purchase Order/Requisition: The method used by the University to acquire the services specified in the sub-agreement.

Statement of Work/Deliverables: The description of the work or tasks and the expected deliverables to be accomplished during the period of the sub-award. The statement of work must be consistent with the prime award. The detail of the statement of work depends upon the prime award being a grant or contract, the requirements dictated in the prime award and the specific needs of the PI. Every statement of work will define deliverables and indicate when the deliverables are due. The statement of work may be written for a project period or a budget period. If written for a project period, the PI must review the statement of work for accuracy for each budget period. If revisions are necessary, the PI will write a new statement and revised budget. If written for the budget period, a revised statement of work and budget must be written for subsequent budget period amendments along with a revised budget.

7.1.3.6.2 *Duties and Responsibilities*

Principal Investigator: is responsible for the proper conduct of the prime award. The PI provides the sub-award statement of work and the budget to Sponsored Programs. The PI is responsible for all technical reporting required by the prime award and sub-award. The PI must also provide to Sponsored Programs a completed and signed SubAgreement Information Sheet.

Sponsored Programs: is responsible for reviewing the subcontractor's budget, preparing the subcontract and subsequent amendments, obtaining appropriate signatures, and mailing the subcontract to the sub-award organization. Sponsored Programs also coordinates with the PI concerning accuracy of the statement of work prior to issuing subsequent subcontract amendments.

7.1.3.6.3 *Activities*

Proposal Time: Sponsored Programs will obtain a commitment to participate in the project from the subcontracting organization by obtaining the necessary signed documentation. This documentation may be agency specific or, at a minimum, a budget and scope of work signed by the authorized signatory.

Prime award: As soon as possible after full execution of the prime award, Sponsored Programs will prepare the subcontract document with all appendices and attachments. It is the contract administrator

who is responsible to assure the subcontract is accurate, complete, and compliant with the prime award. Sponsored Programs will also encumber any of the needed funds in Banner for the purpose of payment authorization, management and financial tracking under the subcontract.

Amendments: From time to time, an amendment may be necessary for the proper conduct of the subcontract. Sponsored Programs will assure that all amendments receive updated or modified statements of work as necessary, prior to execution.

Management: The PI is assigned primary responsibility for approving invoices from the subcontractor for payment. Signature on the invoice indicates that the subcontractor is current in their reporting requirements and milestones as specified in the subcontractor scope of work and that work is being performed at appropriate standards. After approving an invoice, the PI submits the invoice for payment to the Controller's office.

Closeout: The University reserves 10% of the project cost until all final reports are submitted by the subcontractor to the University. The PI must approve the final invoice for payment indicating that all final closeout technical information has been received. After final invoice payment, Sponsored Programs will send a subcontractor release form to the subcontractor for final verification of closeout.

7.1.3.7 Master Agreement & Task orders

A Master Agreement is a contract that is used to cover a number of different projects funded by one sponsor over a period of time. These types of agreements are also called "Blanket Agreements." Master Agreements are used to streamline the contracting process for both the University and the sponsors who intend to fund multiple research projects over time. The agreements are usually negotiated to cover an extended period.

Master Agreements are arranged with industrial research partners, and some federal and/or state governmental entities that contract with the University on a frequent basis. The PI should inform the Sponsored Programs office of potential sponsors who might be interested in negotiating a Master Agreement.

Task Orders are the individual authorizations to perform project specific work under the terms and conditions of a Master Agreement.

7.1.3.8 International Agreements

An International Agreement, similar in nature to the research and/or service agreement, is designed to facilitate projects or collaboration with sponsors or subcontractors in the international arena.

Per USU policy, agreements with international sponsors must be approved by the Director of Sponsored Programs. Due to the time involved in the routing of international agreements, the PI should contact Sponsored Programs to discuss the process.

7.1.3.9 Memorandum of Understanding

A memorandum of understanding is an informal agreement that serves as the basis of a future formal contract or deed, and contains a brief written statement outlining the terms of an agreement or

transaction. The word memorandum implies something less than a complete contract. The memorandum functions only as evidence of the contract and need not contain every term, so that a letter may be a sufficient memorandum to take an agreement out of the statute of frauds. Under the statute of frauds, the memorandum must be such, as to disclose the parties, the nature, and substance of the contract, the consideration and promise, and be signed by the party to be bound by the agreement.

7.1.3.10 Material Transfer Agreements

Requests for materials or data from USU are transferred to the requesting party only after entering into a "Confidential Disclosure and Materials Transfer Agreement". This Agreement is administered and available through the Technology Commercialization Office (TCO).

The University is also a party to the master "Uniform Biological Material Transfer Agreement" (UBMTA) implemented by NIH. For institutions that have signed the UBMTA Master Agreement, materials can be transferred under the terms of the UBMTA upon execution of a "Letter Agreement" for the particular transfer.

Often times, a material transfer agreement is received when a researcher wishes to acquire material owned by outside entities. The researcher must forward the agreement to Sponsored Programs for review and signature. Sponsored Programs will work with the TCO in the review, modification, and acceptance of outside material transfer agreements.

7.1.3.11 Consortium/Affiliate/Membership Agreements

Utah encourages industry, government, and University cooperation and sharing of ideas and information of mutual interest. Therefore, the University is agreeable to the establishment of an Affiliate Program to foster this cooperation. In an Affiliate Program the University pools resources through memberships received from the sponsors. The advantages to the sponsors are access to research developments and development methods, a common resource of knowledge, and the ability to address specific industry-wide issues. Affiliate programs take significant management effort before and after establishing a program and must have advance approval before they are initiated. If there is interest in establishing an Affiliate Program, please contact Sponsored Programs.

7.2 Policies Regarding Terms and Conditions of award

Sponsored Programs reviews all award documents for a variety of terms and conditions that are not acceptable to the University as a public entity of the state of Utah. It is Sponsored Programs' role to negotiate contractual terms and conditions. Sponsored Programs will consult with principal investigators regarding technical and budgetary concerns of contracts and/or any terms and conditions that may cause administrative or legal difficulty to a particular project. We find that there are fewer post-contract administrative and legal difficulties when Sponsored Programs is primarily involved in contract negotiations instead of receiving an agreement after an individual USU employee has attempted to negotiate the agreement on their own. Items that raise particular concern for the University include the following elements of contractual agreements:

7.2.1 Choice of Law & Jurisdiction

Because USU is a public entity of the state of Utah, sovereignty requires that we may not waive sovereignty and jurisdiction to another governmental entity. Therefore, any choice of law or jurisdiction terms that names another state as the legal jurisdiction for disputes are not acceptable.

7.2.2 Indemnifications and Governmental Immunity

As a governmental entity of the state of Utah, all USU activities and employees acting within their scope of work are covered under governmental immunity provisions. Whenever an agreement includes indemnification or liability terms, the limitations of the immunity act must be referenced in the agreement or the agreement can not be accepted by the University.

7.2.3 Insurance Requirements

The University is a self insured entity up to the limits of the Utah Governmental Immunity statute. Insurance Requirements that impose higher liability coverage amounts are not acceptable and must be removed from the agreement prior to signature.

7.2.4 Amount of Funding and Duration of Project

Project funds must be expended between the start and end dates specified in a grant or contract, if a Letter of Guarantee account has been requested and the start date of the award is later than the start date of the Letter of Guarantee account, Sponsored Programs must ascertain whether signing the agreement will result in disallowed costs. It is the PI's responsibility to insure that the proposed budget approved by Sponsored Programs is adequate to cover the work proposed.

7.2.5 Sensitive projects

Other sensitive projects such as contracts involving sensitive and/or classified agreements must be forwarded to Utah State University Research Foundation for review, negotiation, and signature and administering.

7.2.6 Confidentiality and Publication Rights As

As a public non-profit entity, and in accordance with USU's mission identified in accordance with the USU's IRS 501c3 tax status, the University can not accept contractual language that gives a sponsor or subcontractor the ability to prevent the publication of data or significant research results. In particular, the University will never agree to limitations on publication or confidentiality terms that restrict or govern a student's right or ability to publish thesis or dissertations based on externally funded research projects. There are exceptions to this rule and the University may elect, though it is rare, to waive the right to publish. Such exception must be noted by completing the "Acceptance of Publication Restrictions" form.

7.2.7 Rights to Data

The University's standard policy is to retain rights to all data developed by University faculty and staff supported by sponsored research funding. The University is willing to license assigned rights for use to

external parties and/or sponsors depending on the nature of the project, project deliverables contained within a proposed scope of work and the confidential nature of the data, particularly when human subjects are involved in a project. Even if the University assigns or licenses data to an external sponsor, the University will retain a right to use such data for research and education purposes.

7.2.8 Intellectual Property

Intellectual Property developed by University employees or individuals utilizing significant University resources belongs to the University. The University's standard policy is to retain ownership of IP developed under sponsored project agreements with a granted first option to license the IP offered to the Sponsor. When a project is supported with federal funds, the University's ownership and any subsequent licenses are subject to certain federal government rights in the intellectual property. Under the Bayh-Dole Act and Tax Reform Act of 1986 and by policy and practice, the University is not willing to grant a research sponsor "ownership" of intellectual property developed in the course of a sponsored research program. The University is an academic research institution, and not a commercial lab. Therefore, the University is not in a position to perform "work for hire."

The University believes sponsored research agreements are collaboration, with both parties bringing necessary functions to the table. On the one hand, the sponsor pays for the direct costs of the research to be performed and some portion of the indirect costs associated with that research. The sponsor is paying only for the performance of that research, and outcomes are never guaranteed. In other words, even if no IP is developed, the sponsor pays the contracted amount. On the other hand, the University is contributing the expertise of its faculty and staff and its infrastructure and facilities. It also ends up bearing some of the indirect costs associated with the research project. Because both parties contribute, it seems inequitable to grant ownership of any inventions developed solely by the University to the sponsor, for the sponsor would receive the sole benefit of commercialization of that IP. Further, United States law, and University Policy provide that intellectual property developed by University faculty and staff are to be owned by the University. As consideration for the sponsored funds, the University is willing to grant the sponsor an option to license those inventions developed in the course of a research project. This allows both parties to share in the upside of commercialization, in that both parties contributed to the development of that intellectual property.

7.2.9 Termination Rights and Remedies for Breach

The University requires a minimum of 30 days prior notice for termination of an agreement in order to satisfy personnel and accounting requirements in the termination of a project. The University will always negotiate for a mutual termination clause. Both parties should have the right to terminate the agreement with written notice specifying the time needed by the parties to implement the termination. Obligated costs up to the date of termination should be allowed and language that makes the University responsible for consequential, special or expectancy damages will be avoided. USU also does not accept penalty clauses associated with "time is of the essence" requirements and/or liquidated damages clauses.

7.2.10 Standard of Care/Warranty Provisions

The University will accept standard of care provisions that utilize the "reasonable man" or negligence standard. Strict liability and higher levels of care are not acceptable. The University will also request deletion of any warranty provisions where the sponsor is attempting to obtain a warranty on the outcome of research activities. Because research is, by its very nature, never a sure thing, we can not warranty outcomes.

7.2.11 Other Contractual Terms

Other items Sponsored Programs attempts to avoid on behalf of the University include Time and Material contracts, time is of the essence provisions, merchant agreements under the Uniform Commercial Code, titles or recitals that make the University appear to be engaged in a commercial endeavor, secure or classified research provisions, non-compete clauses, unreasonable payment or invoicing procedures (such as requiring original receipts to accompany invoices), travel policies other than the Utah state policy, incompatible record retention requirements and cost share requirements that were not included as part of the University's originally approved proposal.

7.3 Sponsored Programs' Role

It is the combined responsibility of the PI, and Sponsored Programs to insure that the award document does not contain terms and special conditions to which the University cannot comply. When an award is received, a Contract Administrator will review the terms and conditions of the award prior to signature by Sponsored Programs. If necessary, the administrator will negotiate changes to the terms and conditions. If there are terms and conditions regarding confidentiality, publication or other items that may impact individuals working on the project, the PI will be contacted and consulted prior to signing the award document. If the scope of work and budget in the award appear to be substantially the same as what was proposed by the PI, Sponsored Programs will move forward with signature and send a fully executed agreement to the PI. If the award significantly changes any budgetary or scope of work provisions, the PI must concur with the new terms prior to signature.

Sponsored Programs will monitor for sponsored project rules, regulations, guidelines, and policies. When needed, Sponsored Programs will obtain clarification or interpretation of the sponsor requirements to serve as the source of information to other University offices and personnel involved with Sponsored Programs.

7.4 PI Role

If a PI chooses to not use Sponsored Programs in the negotiation process, the PI then has the responsibility to insure the award does not contain terms and conditions unacceptable to the University. If the PI has any question regarding a term or condition that may be included in an award, he/she should contact Sponsored Programs. Often terms and conditions include reporting requirements. These frequently include progress reports, final reports, and periodic project management and cost prediction reports. The PI is responsible for the preparation and submission of all required technical reports. An award which has been negotiated by the PI still requires Sponsored Programs signature. Also if all terms and conditions do not comply with state law or university policy, the Sponsored Programs will need to re-negotiate the agreement with the Sponsor.

The PI should be familiar with the requirements imposed by the sponsor. These are usually outlined in handbooks, guidelines, or the award document itself.

7.5 Working with Industrial Partners and USU faculty or staff-owned companies

University faculty members are increasingly becoming involved in profit-making corporations in which they hold substantial stock interest and in which they or their family members are active participants. These corporations may have a substantial beneficial influence on the economic growth of the State; and the associations derived by the faculty member from participation in the corporations may, in most cases, have a beneficial influence on his or her teaching and research capabilities. Consequently, it would not be in the university's interest to preclude this type of association. However, since these associations carry with them the possibility of adverse public relations and concern with the integrity of academic responsibility, these situations must be considered and managed in accordance with the University Conflict of Interest Policy. In accordance with the policy, the following guidelines have been adopted regarding these arrangements.

7.5.1 Extent of Participation Permitted

University faculty and/or administrators may participate in outside corporations as consultants, employees, and members of the board of directors or as chairman of the board of directors so long as such outside time and effort do not impair their full and proper execution of their university assignments. Such efforts must be disclosed to the cognizant department chairman, dean or vice president and shall conform to existing university rules and regulations including the conflict of interest policy and in the consulting policy contained in the USU Administration Manual in the requirement for disclosure of consulting obligations.

7.5.2 Patents and Inventions

Patents developed by university personnel using university time, material or facilities are the property of the university subject to conditions specified by university policies.

In the case of individuals involved in private corporations there can be no exception to the requirement for a signed patent assignment agreement. This shall include all part-time faculty involved in university research.

Further, all inventions produced jointly between the university and the corporation shall become the exclusive property of the university except that the corporation shall have the option of obtaining non-exclusive license with royalty terms to be negotiated. Should the university elect not to patent jointly-produced inventions, the corporation may petition in writing to the university for patent rights which shall be granted within 90 days unless otherwise advised by the university.

Because this is a state-supported institution and because most research is federally-supported and subject to federal regulations, faculty members cannot be given a favored position in respect to invention patents. The fact that they or members of their departments were the inventor(s) does not insure licensing of that item to a corporation in which they hold special interest. Each assignment or license must be negotiated with the university in open competition with all firms (or individuals) expressing an interest. Terms for all assignments or licenses must conform to all pertinent federal agency rules, regulations, and restrictions.

Should a firm be licensed to manufacture an invention that was developed by a faculty member who is a participant in a competing firm, that faculty member shall give full, unrestrained disclosure and assistance to the licensee firm. Also, during negotiations, full and unrestrained disclosure shall be made

to all competing firms or individuals.

The university's patent royalty agreement shall apply equally to all licensing agreements.

7.5.3 Private Research or Development in the University

Ordinarily all research or development done in the university for firms in which faculty members are participants shall be on a cost reimbursable basis through Sponsored Programs. All such work shall be on a full overhead basis and shall be subject to approval by the department head. Invention and patent rights to such contracts shall be negotiated with the university by Sponsored Programs and TCO.

7.5.4 Purchasing from Faculty Associated Corporations

Care shall be exercise in purchases made for the university and purchases shall not be made preferentially from the corporation in which a faculty member holds an interest. All such purchases shall be made on an open bid basis by the university purchasing department and is subject to approval by the University President or his designee.

CHAPTER EIGHT: AWARD PROCESSES AND MANAGEMENT

8.1 *Award Defined*

An award is the acceptance by USU of an agreement, contract, grant, or sub-agreement that has been made to USU (grantee) by an external source (sponsor). An award document bears the signature, electronic or otherwise, of the awarding agency. The University may or may not be required to sign the document for it to be a legal document. University acceptance is inferred when work begins.

8.1.1 Gift

Not a sponsored project. Gifts are contractual arrangements with the sponsor and the USU Development Office. They normally do not have contractual requirements but may be restricted to a particular purpose such as scholarship, research, or professorship. They do not require the return of unexpended funds but require a report on the utilization of the funds.

8.1.2 Cooperative Agreement

An award document issued by the sponsor for work to be performed or services to be rendered. A cooperative agreement is used when the sponsor requires the University to participate in the funding (commonly called cost share or matching).

8.1.3 Contract

An award document issued by the sponsor for work to be performed or services to be rendered. The contract and grant award documents are similar but the contract is subject to more restrictions concerning the reporting of expenditures, progress, inventions, royalty, financial, equipment, etc. Federal contracts are subject to different rules, regulations and policies than grants.

8.1.4 Grant

An award document issued by the sponsor for work to be performed or services to be rendered. The grant award indicates such terms for use of the funds, the objectives to be achieved and the program in which the work will be performed, the individuals responsible for the completion of the work, period of performance and invention rights. Federal grants are subject to different rules, regulations and policies than contracts.

8.1.5 Sub-agreement

Sub-agreement: An award document issued by the sponsor for work to be performed or services to be rendered. The sub-agreement is another term for grant or agreement.

8.2 *Setting up a Project Account*

8.2.1 Working on a Project before the Award Arrives

Work on a project prior to an official award receipt is discouraged. Costs may be incurred that the sponsor has no obligation to reimburse.

8.2.1.1 Letter of Guarantee Account

A temporary account which is set up prior to receipt of award is referred to as a letter of guarantee account. This procedure is used only when it can be determined the eventual receipt of a sponsored project is certain. Sponsored Programs will assign an Index number upon receipt of a written Letter of Guarantee request form from the PI. The Letter of Guarantee request must be co-signed by the chair and the dean and include a non-restricted index number. The form will indicate that the PI, chair, and dean will assume responsibility of covering the costs incurred on the project if the award document is not received. The PI, chair, and dean also assume the responsibility for follow up on receipt of the award.

8.2.2 Set-up Process After Award Arrives

All award documents will be processed and recorded by Sponsored Programs pre-award in the Sponsored Programs database (CAMs). Once an award is received, it will be reviewed by a Contract Administrator. If necessary, contract negotiations will ensue between the Contract Administrator and the appropriate sponsor representative. Once the award language is acceptable under University guidelines, your assigned Contract Administrator will sign as the University authorized official. Administration of the award is then transferred to Controller's Research Accounting Office and the award used in account set-up.

The acceptance of a sponsored agreement indicates that the University has agreed to comply with all applicable terms and conditions of the agreement. Compliance with the award terms and conditions is a responsibility shared by all members of the University. The PI and the University are responsible for ensuring costs charged to a sponsored project are allowable, allocable, and reasonable under the cost principles. The PI may authorize allowable charges to a project if the goods and or services are directly related to the project. The accuracy of the accounting records for the project depends on the assignment of the proper index numbers and account codes.

Salary and wages may be authorized by the PI only for effort which directly benefits the project and which is provided within the project time frame. Similar criteria must be applied to expenditures for services, materials, travel, and equipment. Overtime pay is not an allowable charge unless authorized in advance by the sponsor. Equipment must be received in sufficient time to benefit the project. Supplies not consumed within the time frame of the project will be subject to inventory.

Projects frequently provide specific authorization and funds for publication of the results after the project has been completed. Such funds will not always be expended prior to the ending date. When this situation occurs the funds should be encumbered prior to the expiration date. If not, a no cost extension should be requested. Contact Sponsored Programs for details.

8.2.2.1 Budget Form

The budget form (SP02) is a guide for entering the budget information into the financial accounting system (Banner). It defines certain line items in the budget that have a summary listing. It is required when the award budget has not been itemized adequately.

8.2.2.2 Account Information and Notice of Award

After the account set-up is completed, a notice of award (NOA) and SP02 for each account will be sent via hard copy to the responsible parties. The NOA defines information concerning the project such as PI, department, college, agency information, start date and end date of the project, amount, cost share if applicable, and the sponsored programs accountant assigned for management of the project.

8.2.2.3 Signature on Accounts

The financial accounting system (Banner) has the ability for signature identification for each project. The PI can designate additional signers for the project in addition to the customary chair and dean of their college.

8.3 Fiscal Management and Compliance

8.3.1 General Requirements

The Federal government has extensive oversight for financial and regulatory compliance. The compliance environment has become much more rigid. Government agencies and private industry insist upon assurance that funds are appropriately spent and that the work is completed and at the highest standards.

In addition, compliance with a diversity of laws, assurance that charges to Sponsored Program Awards are allowable and allocable, and documentation of cost sharing and program income are critical issues in University audits.

The Research Accounting Office in the Controller's Office is responsible for maintaining the official University fiscal records, which are used in the preparation of financial reports and are subject to audit by the sponsor. All correspondence concerning a sponsored project must be forwarded to Research Accounting and Sponsored Programs for inclusion in the project file.

8.3.1.1 Sponsor Terms and Conditions

8.3.1.1.1 Compliance with Sponsor Requirements

It is the responsibility of the University to comply with all policies, guidelines, rules, and regulations established by sponsors under the terms of the award agreement. In the case of conflict between sponsor policy, the State of Utah policy, and the Board of Regents, the more restrictive policy will prevail.

8.3.1.1.2 Start and End Dates – Budget Period & Project Period

All sponsored projects are funded for a specific period of time, generally referred to as the budget period and/or the project period. PIs are expected to accomplish the project objectives within the specified period of time. The time period allotted by the sponsor for project completion is the project period. The budget period may be different than the project period in some cases. The budget period is the time allotted by the sponsor for the University to invoice the sponsor for awarded funds.

Charges to a sponsored project are normally limited to expenditures or encumbrances incurred during the period of the agreement. Expenditures or encumbrances may not be charged against a project prior to the start date or subsequent to the ending date. A small number of agencies will allow expenditures and encumbrances outside the time frame only in special cases, which must be approved in advance. If the specific policy of the sponsoring agency is not known, contact the Research Accounting Office or Sponsored Programs for assistance.

Materials, supplies and equipment must be purchased with sufficient time remaining in the period so they can be utilized to benefit the project as proposed.

8.3.1.1.3 *Multiple Year Awards/Incremental Funding/Continuations*

Many agencies have established a technique whereby sponsored projects are approved for multi-year support, but are funded in annual increments called budget periods. The annual increments are generally noncompetitive.

If unexpended funds remain at the conclusion of a budget period, many agencies allow rolling over of the funds into the next budget period. This is not the case for every multi-year award. Contact the Research Accounting Office or Sponsored Programs for clarification regarding rolling over of funds.

8.3.1.2 *Expenditure/Accountability of Funds*

Sponsored projects are awarded to and accepted by the University, not to individuals, departments, or colleges. The acceptance of a sponsored agreement indicates that the University has agreed to comply with all applicable terms and conditions of the agreement. Compliance with the award terms and conditions is a responsibility shared by all members of the University. The PI and the University are responsible for ensuring costs charged to a sponsored project are allowable, allocable, and reasonable under the cost principles as defined in Uniform Guidance. The PI may authorize allowable charges to a project if the goods and or services are directly related to the project. The accuracy of the accounting records for the project depends on the proper coding of account numbers and object codes as assigned by the financial system. All expenditures are subject to audit review.

8.3.1.2.1 *Institutional Responsibility*

The University is expected to conduct research and other project activities in a manner consistent with its own academic philosophies and institutional objectives. The University is further expected to employ sound management practices in the fulfillment of obligations for sponsored projects. Stewardship of public funds is an enormous responsibility that must be taken seriously.

Examples of general University responsibilities are:

- Establish and maintain proper fund accounting procedures, practices, and systems to assure adequate fiscal controls
- Establish and maintain property records (inventory) and systems to assure proper care, maintenance, and control of property
- Establish procedures and practices to preclude discrimination on the basis of race, color, national origin, sex, handicap, age, and religious beliefs

- Establish procedures and practices to assure equal employment opportunities
- Establish procedures and practices to assure compliance with the provisions of the Occupational Safety and Health Act
- Establish procedures and practices to assure the well being of human and animal subjects
- Establish procedures and controls to assure records retention for sponsored project activities for audit purposes
- Establish procedures and practices to assure that employment is for U.S. citizens and aliens authorized to work in the U.S.
- Establish procedures and practices to assure a drug free workplace

8.3.1.2.2 *Research Accounting Office Responsibility*

The Research Accounting Office is expected to set up accounts and assist faculty and staff in the financial administration of grants and contracts. Examples of responsibilities are:

- Establish and maintain index numbers in the financial system based on award information received from sponsors.
- Establish budgets by category within the account structure and process budget revisions requested by authorized individuals in accordance with sponsor guidelines.
- Assist individuals with interpretation of regulations and terms and conditions set forth by the sponsor.
- Report financial information to sponsors such as financial status reports, invoicing and cost share.
- Submit letter of credit draw down requests in accordance with 2 CFR 200.302 & 200.305, process quarterly financial reports, and other financial reports as required by sponsor.
- Maintain and monitor accounts receivable and collect revenue from sponsors.
- Close out accounts and submit final reports such as final invoice, cost share, and final financial status report as required by sponsor guidelines.
- Assist auditors with the annual audit of federally sponsored programs and supply necessary information to auditors in accordance with Uniform Guidance
- Maintain award and account information in accordance with University record retention policies.
- Administer grants per regulations set forth in Uniform Guidance.

8.3.1.2.3 *PI Responsibility*

PI Responsibility, The PI is responsible to assure that the scope of work for sponsored programs is completed in an acceptable format to the sponsor and within the sponsor guidelines and approved budget. Examples of responsibilities are:

- Ensuring costs charged to a sponsored project are allowable, allocable and reasonable under the cost principles as defined in Uniform Guidance.
- Approves expenditures and transfers charged to grant and contract accounts.
- Insure that expenditures are consistent with all terms and conditions set forth within the grant or contract and are incurred within the proper time frame.

- Transfer cost over-runs to other non-restricted sources.
- To submit budget revisions to Sponsored Programs for processing in accordance with sponsor requirements.
- Review and monitor all expenditure activity at least monthly to insure accurate financial information.
- Certify and document all required cost share and report to the Research Accounting Office as required by sponsors for accurate financial reporting.
- Certify salaries and wages charged to sponsored programs and insure that they are reported in the salary effort reporting system or employment action forms (EAFs).
- Complete all required technical reports or deliverables in accordance with sponsor requirements.
- Notify Sponsored Programs of any significant change in PI effort on grants and contracts from the approved amount.

8.3.1.2.4 *College & Dean Responsibility*

The colleges and deans are expected to create an atmosphere to encourage and support research and other sponsored project activity within their departments. The Chair and dean are responsible to:

- Provide the administrative and clerical support for the management of grant and contracts.
- Monitor status and activity of grants and contracts within their departments.
- Assist PI's with correcting cost overruns or disallowances.

8.3.1.2.5 *Uniform Guidance and CAS Disclosure*

Since the University receives federal funding, it is required to follow federal rules, guidelines, and procedures when administering grants, contracts, cooperative agreements, and other sponsored agreements. All sponsored activity whether federal, other governmental, or privately funded should be given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances and comply with Uniform Guidance.

8.3.1.2.6 *Cost Accounting Standards Board-Disclosure Statement (CASB-DS2)*

The University is required to comply with the Cost Accounting Standards (CAS) and submit a Disclosure Statement to describe the University's cost accounting practices to the cognizant audit agency, ONR. These standards require that the University maintain consistency in budgeting and expending, consistency in allocating costs to activities, accounting for unallowable costs and cost accounting periods. These standards, along with Uniform Guidance, State and University policy, dictate how the University budgets and expends externally funded projects, including both government and private sponsors. The USU CAS statement can be viewed on the controller's website.

8.3.1.3 *Invoicing/Reporting/Retention of Records*

8.3.1.3.1 *Invoicing*

The Research Accounting Office is responsible for the submission of invoices for reimbursement of expenditures incurred in the process of conducting sponsored research and other sponsored activity. The

sponsor award document will dictate the type and frequency of invoicing. Some of the mechanisms used to collect funds from the agency are a USU generated invoice, Letter of Credit, Standard Form 270 (Request for Reimbursement), or other specific agency form. The research accounting office will monitor and track outstanding invoices. USU follows 2 CFR 200.302 and 200.305 for Letter of Credit draw downs.

8.3.1.3.2 *Reporting*

The Research Accounting Office is responsible for the submission and reporting of financial information and will be in accordance to the requirements and frequency specified by the sponsor. The financial information reported will be obtained from the official accounting records as maintained by the Controller's office.

8.3.1.3.3 *Federal Definition of Retention of Records:*

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of at least three (3) years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. The only exceptions are the following:

- If any litigation, claim or audit is started before the expiration of the 3 year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- Records for real property and equipment acquired with federal funds shall be retained for 3 years after final disposition.
- When records are transferred to or maintained by the sponsor, the 3 year retention requirement is not applicable to the recipient.

The following applies to F&A proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates):

- If submitted for negotiation, the 3 year retention period for its supporting records starts on the date of such submission.
- If not submitted for negotiation, the 3 year retention period for the proposal, plan or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal or plan.

8.3.1.4 *Multiple Accounts for One Award*

Each year of an award will be set up into a new index number, with exceptions for a few sponsors. The set up of each index will require the PI to submit an SP01 and a copy of the continuation report to Sponsored Programs. When the award is negotiated and signed, Sponsored Programs will submit to the Research Accounting Office a copy of the Notice of Award which includes the new budget period, an SP02 and a copy of the SP01.

8.3.2 Reading & Understanding Financial Reports

8.3.2.1 Banner and E-Print

Financial Management reports can be viewed either through Banner. For training please visit <http://www.usu.edu/banner/training/training.htm>

There are two ways to review your financial reports. You may log onto Banner and review the reports through FRIGITD (entire grant activity) or FGIBDSR (current year activity only) screens or through E-prints. FRIGITD and FGIBDSR will provide you with real-time expenditures and encumbrances. E-Prints will be the report containing the expenditures and reservations from the previous month which has closed.

To access your information, log onto the banner system at <http://banner.usu.edu>. To access, FRIGITD or FGIBDSR, click onto either “Windows” or “Mac OS X or Linux” depending on your computer set up. A screen will appear which will allow you to log on to the Banner system. Enter your user name and password which were provided by the Controller’s IT Office. Your user name is usually “Firstname_LastName.

Once the banner screen uploads you may enter FRIGITD into the Go: box. Either enter the Grant code (which was provided to you when you received your activated SP02 form from Sponsored Programs) or tab to Index and enter your Index #. This was provided to you from the Research Accounting Office when your award was set up. Click on the “Next Block” icon. Your financial information is provided. In order to see bottom line numbers you will need to move the scroll bar to the end of the record. You will be able to read what your “Adj Budget”, “Activity”, “Commitment”, and “Avail Bal” are.

For FGIBDSR, enter FGIBDSR into the Go: Box. Tab to the Index Box and enter you Index number. Hit the Tab key and then click on “Next Block” icon. The information provided is “Adj Budget”, “YTD Activity”, “Commitment” and “Avail Bal”.

To access E-prints, go to <http://banner.usu.edu> and click onto E~Print. Enter you username and password. These are the same username and password you would use to get into Regular Banner. There are 8 reports available in Finance ZProd and they are:

FGRBDSC	Budget Status Report (current year activity)
FGRAAC	Fund/Account Activity Report (note: difficult report to understand)
FGRGLTA	General Ledger Detail Transaction (very confusing report)
FGRODTA	Organization Detail Activity (All detail for expenses and encumbrances)
FRRGITD	Grant Inception to Date Report (Entire Grant activity)
ZFRFCFGG	Current Funds by College (Grants) (will list all funds in a single report)
ZFRFCFCN	Current Funds by College (Nongrants) (will list all funds in a single report)
ZFRFCFDG	Current Funds by Department (Grants) (will list all funds in a single report)

Sponsored Programs recommends that a PI or Business Manager use the following reports to monitor their grant/contract activities:

FGRBDSC, FGRODTA, and FRRGITD

Once you have selected the report you would like to see, click on the “Drill” icon. Then choose the correct month you would like to be able to print out and click on the “Magnifying Glass” icon. You can choose to enter your “Org”, “Fund” or “Grant”. If you have multiple grants on a fund, the best option would be “Fund”. For multiple grants on an “Org”, use Org. For a single grant use “Grant”. Once you

have entered the information click the OK button. You will receive your report either in “PDF” or “Text” format. Click on the desired format and you will be able to print out the requested report. Please note that the prior month will not be listed in the current month until after the 10th working day of the month.

8.3.3 Codes

The university has established categories of expenditure codes that must be used when recording a purchased item through the accounting system.

It is noted the university, the State of Utah and the sponsoring agency's expenditure codes may be different. Therefore, for sponsor fiscal reporting purposes the costs may have to be regrouped and reported in the sponsoring agency's budget categories.

The main expenditure groupings are:

<u>Title:</u>	<u>Account Code</u>
Salaries	615100
Wages	625100
Fringe benefits	635100
Travel	750100
All expenses	710100
Subcontract <\$25,000	711700
Subcontract >\$25,000	711800
Professional and tech fee	712110
IOT Agreement Expense	712600
Scholarships/grants-in-aid	761100
Stipends	761300
Tuition & Fees	761500
Allocated Admin Expense	715200
Equipment >\$5000	772300

8.3.4 Direct Costs

Direct costs are costs that can be identified specifically with a particular sponsored project, relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Where the university treats a particular type of cost as a direct cost of sponsored agreements; all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the university.

A particular cost is chargeable as a direct cost if it meets all of the following criteria:

- the cost must be reasonable and reflect the action of a prudent person
- the cost must directly benefit the project to which it will be charged
- the cost must be allowable under the applicable terms and conditions of the agreement
- the cost is consistent with established university policies and practices applicable to the work of the university generally, including sponsored agreements

A cost element is not chargeable as a direct cost if it is incurred or shifted (transferred):

- to meet deficiencies caused by over-expenditures
- to relieve projects of their unexpended balances
- to avoid restrictions imposed by law or by the terms of the agreement
- for other reasons of convenience

8.3.4.1 Salary & Personnel Issues

8.3.4.1.1 Personnel Processes

As a state entity, Utah State University must follow state of Utah personnel regulations. Check the Human Resources website for further information or the State of Utah Personnel website.

8.3.4.1.2 Effort Reporting

8.3.4.1.2.1 Effort Reports

Per Federal guidelines, the Controller's Office must provide certification by the employee that all salary charged does not exceed 100% of the employee's time. Therefore, all University employees devoting time and effort, including cost share or matching, to sponsored projects inclusive must report their effort. The Effort report must reflect 100 percent effort during the applicable period.

This is an after-the-fact certification. It is the responsibility of the department chair to insure that Effort Reports are completed for each employee who meets the requirements.

The Effort Report will be signed (original signature only) by the employee or supervisor having first-hand knowledge of all work performed by the employee. The distribution of activity represents a reasonable estimate of the work performed during the stated period.

8.3.4.1.3 Fringe Benefits

Fringe benefits are treated as direct costs. The University uses a fringe benefit rate, which is applied to salaries and wages in budgeting fringe benefit costs for project proposals. The actual cost of each fringe benefit is charged to the sponsored project.

The following fringe benefits are treated as direct costs:

- retirement
- health insurance
- unemployment compensation
- state industrial insurance
- Medicare
- in some cases, social security

8.3.4.1.4 Sponsor Limitations on Salary

NIH: congress has legislatively mandated a provision for the limitations of salary. The Consolidated Appropriations Act, PL 108-199 restricts the amount of direct salary of an individual under an NIH grant or cooperative agreement or applicable contract to Executive Level I of the Federal Executive Pay Scale. Effective January 1, 2004, the Executive Level I salary level increased to \$180,100. (Check the NIH website for the most current information.)

8.3.4.1.5 *Supplies/Equipment/Vendors & Purchasing*

Procurement on sponsored projects is made in accordance with the standard purchasing requirements of the State of Utah. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted market prices, and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

Procurement records and files for purchases in excess of the small purchase threshold shall include the following:

- Basis for contractor selection.
- Justification for lack of competition when competitive bids or offers are not obtained.
- Basis for award cost or price.

Procurement on sponsored projects is made in accordance with the standard purchasing requirements of the State of Utah. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

Requisitions for material and services from university sources (interdepartmental purchases) do not require the approval of the purchasing department. For external sources there are several ways in which to requisition material and services. The banner purchase order has a maximum dollar amount. If the PO falls under \$1,000, they do not require the Purchasing Department's attention. The request for purchase order will flow through the purchasing department and will be reviewed for conformance with the State Purchasing Manual. Contact the purchasing department for details.

The definition of equipment is an article of nonexpendable tangible personal property having a useful life of two or more years and an acquisition cost of \$5,000 or more per unit.

8.3.4.1.6 *Fabricated Equipment*

If property is fabricated from individual component parts, and the completed piece meets the criteria of equipment, it must be tagged and recorded as such.

8.3.4.1.7 *Property Acquisition and Control*

The university is directly responsible and accountable for all property purchased or acquired on a sponsored project, in accordance with the policies and procedures of the sponsor and the State of Utah.

The PI and the chair of the custodial/sponsoring department have the primary responsibility of the care,

custody, maintenance, records and control of all property acquired under the terms of the project. They must maintain up-to-date departmental records and initiate such forms as are necessary to fully inform the Controllers Office (equipment inventory) as to all provisions of the contract document.

All inventorial property will be identified, marked with the property inventory number and recorded promptly upon receipt. Title to purchased property will vest with the university unless otherwise stated.

8.3.4.1.8 *Equipment*

The following must be accomplished before purchase of equipment is allowed:

- the sponsor's policies must allow the purchase
- there must be adequate funds in the project equipment budget to purchase the equipment
- if prior approval is required from the sponsor then the approval and a complete description must be sent to Sponsored Programs

The Banner Financial System will route all equipment requests over the \$5,000 cap to Sponsored Programs on sponsored awards that require Sponsored Programs approval.

8.3.4.2 **Rental/Lease of Facilities & Equipment**

The appropriate facilities and equipment should be available for project activities. However, if this is not the case, rental and lease costs should be included in the proposed budget. The budget justification will also contain a detailed explanation of the need to rent or lease the facilities or equipment.

8.3.4.3 **Travel**

This category is for university employees only. Most sponsors will pay travel costs if requested and justified. Reimbursement for travel expenses is subject to both university and the sponsoring agency regulations. See the [USU travel website](#) for further details.

8.3.4.4 **Consultants**

Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the university are allowable when reasonable in relation to the services rendered

8.3.4.5 **Subcontractors**

Sponsored Programs will be responsible for preparing the official subcontract document. The sub-agreement will specifically state or incorporate by reference all applicable sponsor regulations, as well as those required by federal, state or local authorities. All assurances that are a requirement for the University must also flow to the subcontractor.

All sub-agreements will be made in the name of Utah State University. An authorized official of the University will execute the sub-agreement. No verbal commitments will be given to the subcontractor until a properly executed sub-agreement has been completed.

The PI is expected to maintain close contact with the subcontract agency for time schedules and to assure the quality of the performance. Before any invoices are approved for payment to the subcontractor, the Research Accounting Office will review the financial data and the PI will perform the technical review. Remember that payment of the invoices infers acceptance of the subcontractor's work. The subcontractor and the University are subject to an audit.

Prior written approval is required from the sponsor if the need for a subcontract becomes necessary subsequent to the award. The subcontractor's complete budget and technical information will be appended to the PIs proposal. It must be signed by their official authority to enter into a contractual agreement for their organization. For sole source subcontracts, an explanation of the reason must be submitted. The subcontractor's proposal should include the following:

- the name and address of the proposed subcontractor
- the technical and administrative contact personnel
- the scope of work to be performed
- the time schedules, with deliverables
- the proposed subcontract budget signed by an authorized grants official

8.3.4.6 Computers & Computing Services

Expenditures charged to a sponsored project for a computer must be verified and subject to audit. Normally, charges for the use of PC's on sponsored projects will not be allowed. The recovery of use allowance for university titled equipment is through the F& A allocation. Actual maintenance charges will be allowed only after certification that the equipment was being used on the project.

8.3.4.8 Tuition/Fellowships

Funding for grants-in-aid for graduate assistants paid from non-state funds or state funds not budgeted for assistantships must come from the funding source supplying the graduate assistant salary. Contact the Graduate School for current minimum salary requirements.

8.3.4.9 Program Income

Program income is gross income earned by the university that is directly generated by a supported activity or earned as a result of the project. Program income includes, but is not limited to:

- Income in the form of fees for services performed.
- The use or rental of real or personal property acquired under the project.
- The sale of commodities or items fabricated under the project.
- License fees and royalties on patents and copyrights.
- Interest on loans made with project funds.

Interest earned on advances of sponsor funds is not program income. Program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

The program income will be used in one of the following ways:

- Added to funds committed to the project and used to further eligible project objectives.
- Used to finance the University's portion of the cost share or matching requirement deducted from the total project allowable cost in determining the net allowable costs on which the sponsor share of costs is based.
- Deductive

All program income will be separately budgeted and accounted for. The PI will request a separate account be set up for the revenue and expenses. The program income account will be subject to the same conditions of the sponsor as that of the account that generated the program income.

8.3.5 Facilities and Administrative Costs (F&A)

Formerly called Indirect Cost (IDC) or Indirect Cost Recovery (ICR). F&A costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project. F&A is charged to all sponsored projects and budgets should include F&A costs based on the University's negotiated rate.

8.3.5.1 Distribution

The current distribution of F&A is split between the Vice President for Research (70%) and the PIs College (30%). Each college reallocates their percentage to the appropriate Department and/or PI.

8.3.6 Accounting for Cost Share and Match

Cost share or match is the portion of the total project cost which the university is required to expend to meet the terms and conditions of the project. Cost share or match is shown in the sponsored project proposal budget when required by the sponsor. The sponsoring agency will have their cost share requirements listed in the RFP's. 2 CFR 200.306 provides additional guidance regarding cost share on federal awards.

All contributions, including cash and third party in-kind, shall be accepted as part of the university's cost sharing or matching when such contributions meet all of the following criteria:

- Are verifiable from the recipient's records
- Are not included as contributions for any other assisted project
- Are necessary and reasonable for proper and efficient accomplishment of project objectives
- Are allowable under the applicable cost principles
- Are not paid by the sponsor under another award, except where the sponsor authorizes it to be used for cost sharing or matching
- Are provided for in the approved budget when required by the sponsor
- Unrecovered F&A costs should be included as part of required cost sharing or matching unless not allowed by the sponsor

The following may also apply:

- Values for recipient contributions of services and property shall be established in accordance with the University's applicable cost principles.
- Volunteer services furnished may be counted if the service is an integral and necessary part of an approved project; rates for volunteer services shall be consistent with those paid for similar work

in the University; or rates shall be consistent with those paid for similar work in the labor market in which the university competes for the kind of services involved.

- When an employer other than the University furnishes the services of an employee, they shall be valued at the employee's regular rate of pay, plus the fringe benefits but exclusive of F&A.
- The value of donated supplies shall be reasonable and shall not exceed the fair market value of the property at the time of donation.
- The value of donated property shall be determined by the accounting policies of the University.

CHAPTER NINE: REPORTING AND AUDIT REQUIREMENTS OF THE AWARD

It is the policy of the university to comply with all policies, guidelines, rules, and regulations established by sponsors under the terms of the award agreement accepted by the University. Compliance with sponsor guidelines, rules, regulations, and policies is the primary responsibility of the PI, assisted by Sponsored Programs. Reporting requirements of the funding agency may include periodic progress reports, periodic project management and cost prediction reports, financial, and final reports. The PI should be familiar with the requirements imposed by the sponsor, as outlined in handbooks and guidelines provided by the sponsor at the inception of the project.

Sponsored Programs will monitor and assimilate sponsored project rules, regulations, guidelines, and policies, as well as obtain clarification or interpretation of sponsor requirements and disseminate this information to other university offices and personnel involved with sponsored programs.

All correspondence concerning a sponsored project, which includes project reporting, must be forwarded to Sponsored Programs for inclusion in the project file. Verbal communication with the sponsor occasionally becomes necessary in order to clarify matters relating to technical, administrative, or fiscal policies of the sponsor. The PI should always confer with the sponsor when technical or programmatic aspects of the project require clarification. Discussions of this nature need not be relayed to Sponsored Programs. However, when the discussions include administrative or fiscal matters, Sponsored Programs must be informed.

Discussions resulting in changes or modifications to previous requirements must always be documented in writing for the PI and for the sponsored project file often both parties must sign all modifications to the original contract. Failure to secure the necessary signatures may cause delays, confusion, or audit disallowances. Sponsored Programs will retain a copy of all communications of this nature for future audits.

9.1 Audits

The Controllers Office is responsible for maintaining the official university fiscal records that are used in the preparation of financial reports and are subject to audit by the sponsor, i.e., federal, state, and private auditors.

University and sponsor agency auditors, which include Federal, state, and private auditors, may review the official University accounting records maintained by the Controllers office on a periodic basis or as requested. If a PI or a Department receives a request directly from an auditor, whether internal or sponsor, for an interview or to review departmental records, the Controllers office is to be contacted immediately.

The Controllers Office, Sponsored Programs, PI, and Department shall cooperate fully with the auditors to ensure all matters are resolved and that any concerns or issues are handled in a timely manner.

The PI and/or the Department will handle all programmatic/technical audits.

All federal and federal pass-through awards are subject to audit in compliance with Uniform Guidance. Refer to the sponsor terms, conditions, policies, and procedures for auditing requirements and records retention policy.

9.2 Financial Reporting & Records

The Office of the Controller maintains the official accounting records of the University. The official accounting records will be used in the preparation of all financial reports and will be subject to audit by federal, state, and private auditors. The Research Accounting Office in the Controllers Office will prepare and submit all financial reports, i.e., invoices, financial status reports, etc., with assistance from the PI and/or department, if necessary.

Refer to the sponsor terms and conditions, policies, and procedures for reporting, tracking, and management of financial reporting requirements.

9.3 Program/Technical Reporting & Records

The PI is responsible for the preparation and submission of all required technical reports, deliverables, and other non-financial reports/statements required by the sponsor, to be delivered in a timely manner, under the terms of the award. A copy of the submission/transmission notice to the sponsor of final technical report is to be maintained in the Sponsored Programs award file. Sponsored Programs is responsible for preparation and submission of any other required reports with assistance from the PI, if necessary.

Failure on the part of the PI to deliver any required technical reports to the sponsor in a timely matter may affect the collection of funds for the project and future funding from the sponsor to the University. In addition, the terms of many contracts provide that final payments will not be made until the required final reports have been submitted. It is also the responsibility of the PI to mark any and all material that has a proprietary status and should not be released to the general public.

Recently federal agencies have been extremely aggressive about insisting on timely reporting. Industry sponsors, due to the time sensitive nature of their work, are insistent upon final reports in a specified time. In addition to withholding future awards, federal agencies, state agencies, and industry sponsors generally will not issue final payment on a project until reports are received.

The following are the late report policies of several government agencies from which the University commonly receives awards:

National Science Foundation (NSF)

- Suspension and eventual termination of all award actions to PI.
- Withholding of new awards to the University if 10 or more reports are delinquent.
- Suspension of payment on existing awards.

National Institutes of Health (NIH)

- Withholding of support for eligible projects or activities for PI and Co-PI
- Withholding of support for eligible projects for the University.

Department of Energy (DOE)

- Withholding of support for eligible projects for the University with one delinquent report.

National Aeronautics and Space Administration (NASA)

- Withholding of support for eligible projects for the University with one delinquent report.

Office of Naval Research (ONR)

- Beginning 91 days after award expiration, the PI assigned to that award will not be eligible for new ONR awards until the reports are received.
- Beginning 181 days after award expiration, the University will not be eligible for new ONR awards until the reports are received.

Department of Education (DOED)

- Noncompliance jeopardizes PI's chance for future funding.

Air Force Office of Scientific Research (AFOSR)

- Hold will be placed on final payments.
- Withholding of support for eligible projects or activities for PI.

Refer to the sponsor terms, conditions, policies, and procedures for reporting, tracking and management of progress and technical reporting requirements.

9.4 Property Reporting & Management

Utah State University defines permanent (capital) equipment as an article of non-expendable, tangible, personal property having an acquisition cost of \$5,000 or more and a useful life of two years or more. However, federal guidelines define equipment as an article of non-expendable, tangible, personal property having an acquisition cost of \$5,000 or more and a useful life of five years or more. Any sponsor policy which is more restrictive, the greater restrictive policy applies, which is specified by the sponsor.

The University is directly responsible and accountable for all property acquired on a sponsored project, either purchased or furnished by the sponsor, in accordance with the policies and procedures of the sponsor and the state of Utah.

All property subject to inventory will be promptly identified, marked appropriately, and recorded upon receipt. It shall remain so identified as long as it is in the custody, possession, or control of the University.

Title to all equipment purchased with sponsored project funds will be vested according to the policies of the sponsoring agency. The agency may elect to retain the equipment thereby the University must transport the equipment back to the sponsor when the project is done. In the event the sponsor vests title of the equipment the University and not the individual PI will own it.

Refer to the sponsor terms and conditions, policies, and procedures for reporting, tracking and management of furnished and/or acquired property reporting requirements.

9.5 Patent and Intellectual Property Reports & Records

When required by the sponsor, Sponsored Programs along with TCO completes a final "Report of Patents or Inventions" even if the report is negative. If a patentable idea, invention or discovery is made as a result of a sponsored project, the disclosure of such must be made through TCO usually within a specified time or the University may lose rights to the invention. The PI must contact TCO as soon as it is practical to start the patent process.

Refer to the sponsor terms and conditions, policies, and procedures for reporting, tracking and management of patent and intellectual property reporting requirements.

9.6 Other Reporting Requirements

Projects may require some or all of the following reporting: technical, financial, patent and invention, and property inventory for both purchased and sponsor supplied equipment, invoice, financial status, and/or a "Contractor's Release," as required by the sponsor.

9.6.1 Contractor's Release

This is an acknowledgment by the University that it has no further claims against the sponsor. A contractor's release is not usually required for a grant. This does not exonerate the PI from their responsibility for the proper conduct of the project.

9.6.2 Deliverables

Deliverables as required by the sponsor may include data, maps, graphs or software among other things.

9.6.3 Publications

The sponsor may encourage or require the publication and distribution of project results and accomplishments. Most sponsors will permit the cost of publication to be charged to project funds, if budgeted accordingly. This may include page charges, necessary illustrations, and reprints. The publication should acknowledge the sponsor's support, whether copyrighted or not, and may provide or require a statement acknowledging their support of a sponsored project.

When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with federal money, the University shall clearly state:

- The percentage of the total cost of the project financed with federal money.
- The dollar amount of federal funds for the project.
- The percentage and dollar amount of other funds for the project.

The sponsor may also require a copy of all articles relating to sponsored project results that are published in a scientific, technical, or professional journal or publication.

Refer to the sponsor terms, conditions, policies, and procedures for reporting, tracking and management of any additional reporting requirements.

9.7 Sub-recipient Monitoring

The PI is expected to maintain close contact with time schedules and to assure the quality of the sub-agreement / sub-recipient performance. Before any payments are approved to the subcontractor, the PI must check and approve the subcontractor's performance. Payment of invoices infers acceptance of the subcontractor's work.

The subcontractor is subject to audit, as is the University.

Refer to the sponsor terms and conditions, policies, and procedures for reporting, tracking and management of subcontractor/sub-recipient activities.

9.8 *Data Management & Record Retention*

Sponsored Programs, in conjunction with the Controller's Office, maintains the official sponsored projects' records. However, it is necessary for the department to retain certain records for management purposes. The primary use of such records is to determine that all charges to a project are in fact applicable to that project.

Refer to the sponsor award terms, conditions, policies, and procedures for additional data management and record retention requirements.

CHAPTER TEN: REGULATORY COMPLIANCE AFTER AWARD

It is the PI's responsibility to:

- Receive protocol approval from IRB when human subjects are involved.
- Receive approval from the Institutional Biosafety Committee (IBC) prior to conducting r-DNA research.
- Register potentially infectious agents with Environmental Health and Safety Department.
- Ensure their research laboratory staff and students are trained on the contents of Biosafety program and follow its requirements.
- Survey laboratories for compliance with standards and policies regarding safe handling and use of biological agents and toxins.
- Enforce compliance with the approved standards and policies of the University.
- Encourage employees to report any changes in their health status.
- As applicable, advise the Institutional Biosafety Committee (IBC) for Recombinant DNA Activities, Institutional Review Board for Research with Human Subjects (IRB), Institutional Animal Care and Use Committee (IACUC), and Environmental Health and Safety (EH&S) of any significant changes in approved protocol involving use of biological agents and/or toxins.
- Comply with shipping requirements for biohazardous substances and toxins.

It is the researchers', technicians' and students' responsibility to:

- Adhere to the established policies, standard operating procedures, and guidelines for biological safety as trained.
- Inform immediate supervisor of any unsafe practice or conditions in the work area.
- Report any change in health status to the supervisor if there is a possibility it may be work related.
- Report all biological spills and incidents to the supervisor.

These policies and procedures apply to all University research performed at the main campus, off campus University sites, or at other off campus sites. Students, as well as part and full time employees, must comply with controls and practices set forth by the authorizing office(s).

Through policy and process, the University promotes the highest standards of regulatory compliance in all areas of sponsored projects. There are several University regulatory offices that handle a variety of topics.

10.1 Human Subjects

Utah State University follows the ethical principles guided by the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research (Belmont Report) for all research studies involving humans. These types of studies also include those in which a generalized knowledge will be drawn after summarizing, organizing, and analyzing the “raw” data of human participants. Previously collected data for which the results of an analysis has been drawn and disseminated and/or published are not considered raw; and possibly may not be subject to some or all of the Human Protection guidelines, However, such determination is made by the Institutional Review Board (IRB).

The University's IRB carries the responsibility of overseeing compliance with human research protection. Requirements for submitting proposals involving human participant research and for review by the IRB are described on the USU IRB website.

10.2 Animal Research

Activities involving animals require the submission of an animal care and use protocol to the Institutional Animal Care and use Committee (IACUC) for review. The protocol must be obtained prior to undertaking any operation involving animal experiments or developments of teaching models regardless of location. Requirements for submitting proposals involving animal research and for review by the IACUC are described on the USU IACUC website.

10.3 Health & Safety

Utah State University's Environmental Health and Safety Department is responsible for assuring that established guidelines and regulations are maintained in protecting the safety and health of the campus community. PIs are expected to be acquainted with requirements and to implement them during research operations.

Various committees have been established to oversee the application of environmental health and safety standards and regulations:

- Security and Advisory Committee
- Research and Laboratory Safety
- Radiological Safety Committee
- Institutional Biosafety Committee for Recombinant DNA Activities
- Occupational Health and Safety

Information relating to the proposal application involving environmental, health, or occupational hazards is available on the USU EHS website.

10.4 Other Requirements

10.4.1 Confidentiality

The Standards for Privacy of Individually Identifiable Health Information by the Department of Health and Human Services under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) provides protection for the privacy of personal health information.

The DHHS website provides information for compliance and its effect on research.

10.4.1.1 GRAMA

USU is a governmental entity and is thus subject to the Utah Governmental Records Access and Management Act (GRAMA) Sect. 63-2-101 et seq., Utah Code Ann. (1997 and Supp. 1998) ("GRAMA") and Section 53B-16-301 et seq., Utah Code Ann. (1994 and Supp. 1998). Pursuant to GRAMA and Section 53B-16-301 et seq., any agreement and confidential information provided to USU may be subject to public disclosure.

The confidential information of any party disclosed to USU must be in writing or other tangible form and appropriately marked as CONFIDENTIAL. In addition, a claim stating the reasons supporting such business confidentiality must also accompany the confidential information (Utah Code Annotated 63-2-308). The disclosing party must acknowledge that USU is a governmental entity and is thus subject to the Utah Government Records Access and Management Act (GRAMA).

CHAPTER ELEVEN: CHANGES TO THE PROJECT AFTER AWARD IS RECEIVED

11.1 *Restrictions and Expanded Authorities*

11.1.1 Expanded Authorities

For Federal awards, recipients are required to request prior approval from the awarding office for budget transfers that fall under the following categories:

- Changes in the scope of work or objectives of the program (applicable even when these changes do not involve budget transfers).
- Changes in key personnel listed in the approved application or award document.
- A project director's or principal investigator's absence of more than three months or more than a 25% reduction in time devoted to the project.
- The need for supplemental funding to carry out the program or project.
- Changes to the approved F&A rate.
- Transfer of training funds to other budget categories.
- A transfer of federal funds via a subaward or contract that was not specified in the application or awarding document.

For Federal research awards, except when the Federal awarding agency states otherwise in the award or its regulations, awardees may be given expanded authorities. This means that awardees are automatically waived the need to request prior approval for the following:

- Pre-award costs 90 calendar days prior to the award. These costs are assumed at the risk of the recipient. If the Federal awarding office does not issue the award or if the award amount is less than anticipated, the awarding office has no obligation to reimburse for the pre-award costs.
- Carry forward of unobligated balances to subsequent funding periods.
- A one-time no cost extension of up to 12 months following the end of a budget period. At least 10 days prior to the end of the budget period, the Federal awarding agency must be notified in writing with a justification for the reasons requiring the extension. A no-cost extension cannot be authorized for the mere purpose of spending the unobligated balance.
- Budget transfers that do not represent a major deviation from the project plans such as a change in key personnel, a change in scope, subaward of funds or contracting out, or a change in the major objectives proposed in the approved award.

For non-federal awards, recipients need to become familiar with the terms and conditions of the award or the funding organization's grants and contracts administrative regulations. Many funding organizations have their regulations listed on a website. Nonetheless, the university is required to follow uniform administrative cost accounting standards for the administration of all its sponsored projects.

11.2 *Changes in End dates- No Cost Extensions*

The Principal Investigator (PI) is expected to complete sponsored work within the project specified in the award document. However, due to the nature of research, delays in hiring key personnel or delays in

receipt of awards, there are occasions when a PI requires additional time to complete the work proposed. The particular sponsor of an award is the entity that determines when and whether a no cost extension may be allowed or granted.

Generally, having unexpended funds left over at the end of a project is not a sufficient justification for an extension of time on a project. Some federal agencies allow for “expanded authority” on certain types of awards which allows the University to grant itself a no cost extension for up to 12 months so long as work remains to be completed on the project and the University provides sufficient notice to the Sponsor prior to termination of the grant. Since the requirements of each Sponsor and even different awards from the same Sponsor may vary in the terms regarding the availability of no cost extensions, you should contact your sponsored programs administrator a minimum of 60 days prior to your current project end date to insure that a notice or a request for extension of a grant will be submitted to the Sponsor in a timely manner.

Some agencies allow for extension notices and requests to be submitted electronically, others require a written letter requesting extensions. Award documents and sponsor guidelines should be considered to determine the most appropriate method for such requests. If prior agency approval is necessary, the PI should prepare a letter addressed to the Sponsor’s contract or business official – copied to the program or technical officer requesting an extension. The letter should be countersigned by sponsored projects prior to mailing. The letter should contain:

- the new anticipated end date
- justification for the extension
- a brief statement regarding work progress to date and work remaining to be completed and
- an estimate of funds remaining upon the scheduled project end date.

11.3 Revisions to Budgets

Each granting agency sets their own guidelines regarding budget revision restrictions.

11.4 Cost Transfers

The transfer of expenses must be supported by documentation that explains how the error occurred. Extensive supporting documentation must be provided for transfers older than 90 days, or occurring during the last month of the award, or after the award has expired. Frequent errors in the recording of costs may indicate a need for evaluating the internal accounting controls system of the administrative unit recipient of a sponsored award. Costs transfers to move off unallowable charges and to move in allowable charges for the purpose of spending the funds are not allowable.

11.4.1 Absence or Change of PI and/or Key Personnel and Project Transfers to Other Research Institutions Due to Change of PI Employment

Each funding agency has their own requirements regarding key changes to their award. It is very important in all cases that the PI contact Sponsored Programs and the awarding agency(s) as early in the process as possible in order to determine each one's specific requirements.

11.4.2 Absence of Principal Investigator and/or Other Key Personnel

The University, and primarily the PI, is required to notify the sponsor if the PI or other key personnel named in the award will:

- withdraw from the project entirely,
- be absent from the project during any continuous period of three months or more (including sabbatical leave), or
- reduce his or her time devoted to the project by 25 percent or more from the level that was approved at the time of award (for example, a proposed change from 40 percent effort to 30 percent or less). The notification must give the details regarding the absence including a general description of the location(s) of the Principal Investigator during the period. The agency must approve any alternate arrangement, including any replacement PI or other key personnel proposed by the grantee. The notification and any response from the program manager must be forwarded to Sponsored Programs to become part of the official institutional project file. If the Principal Investigator fails to contact the agency, Sponsored Programs will inform the program manager.

The request for approval of a substitute PI/key person should include a justification for the change, the curriculum vitae of the alternate individual proposed, other sources of support, and any budget changes resulting from the proposed change. If the arrangements proposed by the University, including the qualifications of any proposed replacement, are not acceptable to the agency, the grant may be suspended and/or terminated. If the University wishes to terminate the project because it cannot make suitable alternate arrangements, it must notify the sponsor, in writing, of its wish to terminate, and the sponsor will forward closeout instructions.

11.4.3 Intergovernmental Personnel Act (IPA)

Several agencies encourage and support temporary assignments of personnel between their agency and other qualified institutions under the Intergovernmental Personnel Act (IPA) Mobility Program when the assignment is for work of mutual concern and benefit. Assignments under the IPA program must be implemented by a written agreement between the agency and the institution. The agreement documents the conditions of the assignment such as job duties, fiscal obligations, and employee benefits, rights and obligations.

PI's involved in the IPA program will need to determine the status of each of their grants or contracts. The PI may handle some projects but most will need to be reassigned either temporarily or permanently to another PI at the University. This would need to be determined before the IPA agreement is signed; it may also be part of the agreement. In most instances, a PI may submit proposals to the agency where their IPA was held, but may not be a party to any negotiations.

More information about the IPA program can be found at either the US Office of Personnel Management web page at <http://www.opm.gov/programs/ipa/index.htm> or at the NSF web page at www.nsf.gov/home/chart/intergov.htm.

11.4.4 Change of Grantee Organization

Prior agency approval is required for the transfer of the legal, technical and administrative responsibility for an award from one legal entity to another, which will occur before the expiration date of the

approved project period. Such a change of grantee organization may be accomplished under most awards, including construction grants, if:

The original grantee has agreed to relinquish responsibility for an active project before the expiration of the approved project period. This includes any proposed change of grantee as a result of a PI on a research project transferring from one domestic organization to another domestic organization or from a foreign organization to a domestic organization. The project under the same PI may be supported at a new organization for a period up to the remainder of the previously approved project period in an amount not to exceed that previously recommended for total costs for the remaining period.

A change of grantee organization may not take place where it will involve the transfer of a federal grant to or between foreign institutions or international organizations. However, an individual fellowship may be transferred to a new organization and this would be considered a change of grantee organization. A change in an individual fellow's department or sponsor within the same organization is not considered a change of grantee organization.

A change of grantee organization request must be made prior to the anticipated start date at the new organization and preferably several months in advance. Failure to provide timely notification may result in disapproval of the request or a delay in processing.

A change of grantee request will normally be permitted only when all of the permanent benefits attributable to the original grant can be transferred, including equipment purchased in whole or in part with grant funds. In reviewing a request to transfer a grant, the agency will consider whether there is a continued need for the grant-supported project or activity and the impact of any proposed changes in the scope of the project. A change may be made without competitive review, provided the PI plans no significant change in research objectives and the facilities and resources at the new organization will allow for successful performance of the project. If these conditions or other programmatic or administrative requirements are not met, the awarding office may require a competitive review or may disapprove the request and, if appropriate, terminate the award.

As stated above, the original grantee must provide a written statement relinquishing its interests and rights to the grant in accordance with instructions from the awarding office. Acceptance of a relinquishing statement by the agency does not guarantee approval of a transfer application for the continued funding of a project.

The agency will accomplish a change of grantee organization by issuing a revised award to the original grantee, which will reflect the revised budget/project period end dates, deletion of any future-year support, and deobligation of remaining funds, if applicable. (A deobligation of funds will be based on the estimated grant expenditures through the relinquishment date, as determined from the relinquishing statement.) Concurrently, the new grantee will receive a Notice of Grant Award (NGA) reflecting the balance reported on the Relinquishing Statement or, if the change of grantee organization occurs on the anniversary date of the project, the NGA to the new grantee will reflect the direct cost level (plus applicable F&A costs) previously committed. If the financial status report amounts are different than the amounts on the relinquishing statement, the award to the new institution will be adjusted accordingly.

11.4.5 Transfer of Property

Property acquired under grants or contracts from agencies that retain title to or reserve the right to transfer title will be transferred when so instructed by the awarding agency. This policy does not apply to supplies and other materials except in isolated and exceptional cases.

When a Principal Investigator transfers to another institution and the awarding agency transfers related project(s) to the new institution or awards a new contract or grant at the new institution under which the

original project will be continued, the University usually retains all grant-acquired equipment to which it has obtained title. However, if the University has no need for the equipment, and it is critical to the project and will relieve the granting agency from purchasing duplicate equipment, the University may authorize transfer of the equipment to the new institution.

When property is obtained for multiple grant use, it is the policy of the University to consider property eligible for transfer only if it derives the majority of its use from the grant being transferred and was originally purchased from that grant.

University property may be transferred from one university department to another, with the written approved agreement of both departments. A department should not charge another department for such equipment because equipment is owned by USU, not by a specific department. Reasonable costs incurred in moving the equipment may be charged.

All transfers of property must be approved in advance by the University.

Notes:

- All equipment either belongs to USU or is held in trust by the University. Equipment purchased on grants and contracts may still be titled to the sponsor agency. When this is the case, the University must obtain sponsor approval for transferring it to another institution.
- Only the Vice President for Research is legally authorized to give approval for transferring grant/contract-related equipment to another institution. If appropriate signatures are not obtained, legal action can be taken by the state.
- It is important to begin the approval process early, since it may take time to move the request through the university process.
- If you have questions or would like assistance, contact Sponsored Programs.
- Research equipment cannot be transferred to a for-profit institution.

11.5 Subcontractor Revisions

When the need arises to make amendments to a subcontract or sub agreement, Sponsored Programs will be responsible for revising the official document. Sponsored Programs must be informed of the following revisions:

- changes in the period of performance,
- changes in the scope of work or main objectives of the project,
- major changes in the budget, or
- a reduction in the percentage of effort devoted to a project.

Prior written approval is required from the sponsor if the need for a subcontract becomes necessary subsequent to the award. The subcontractor's complete budget and technical information will be appended to the PI's proposal. It must be signed by the authorized official who is qualified to enter into a contractual agreement for their organization. For sole source subcontracts, an explanation of the reason must be submitted. The subcontractor's proposal will include the following:

- The name and address of the proposed subcontractor.
- The technical and administrative contact personnel.
- The scope of work to be performed.
- The time schedules, with deliverables.

- The proposed subcontract budget signed by an authorized grants official.

11.6 Supplemental Requests

A supplemental request is generally a request for additional funding for a given project period that was previously awarded. Supplemental requests should be routed through Sponsored Programs. Providing the F&A calculation is the same as the original award, supplemental funding will be added to the existing account. A budget for the supplemental amount is required for account update.

11.7 Change in Scope of Work

Any change to the scope of work to be done must be approved by the sponsor and Sponsored Programs. These changes may result in a budget or time amendment as well.

11.8 FDP Prior Approval and Other Requirements Matrix

The following matrix lists out the most common actions:

	AFOSR	ARO	AMRMC	DOE	EPA	NASA	NIH	NSF	ONR	USDA
General Requirements										
Change in Scope	Prior approval required									
Absence or Change in PI	Prior approval required									
Need for Additional Funding	Prior approval required									
Subaward of “significant part” of programmatic effort	R	R	R	1	R	R	2	R	R	3
Pre-award costs (90 days)	Prior approval waived									
Pre-award costs (more than 90 days)	Prior approval required									
Initial no-cost extensions of up to 12 months (per competitive segment)	R	R	W	W	4	W	W	W	R	5
Subsequent no-cost extension or extension of more than 12 months	Prior approval required									
Carry-forward of unexpended balances to subsequent funding periods	W	W	W	W	W	6	7	W	W	W
Cost-related Requirements										
Rebudgeting among budget categories	W	W	W	W	W	W	8	W	W	W
Rebudgeting between direct and F&A costs	W	W	W	W	W	W	8	W	W	W
Rebudgeting of funds allotted for training allowances (direct payment to trainees) to other categories of expense	W	W	W	W	W	W	9	R	W	W
Equipment not in approved budget	W	R	W	W	W	W	8	W	W	W
Capital expenditures for improvement of equipment not in the approved budget	Prior approval waived									
Alterations and Renovations costing less than \$25,000	W	10	W	W	W	W	11	W	W	W
Foreign Travel	W	R	W	W	R	W	W	W	W	W
Inclusion of costs requiring prior approval in Cost Principles	W	W	W	W	W	W	12	W	W	W
Faculty consulting compensation that exceeds salary base	Prior approval waived									
Restrictions on costs not explicitly unallowable under Cost principles	None	None	None	13	None	None	14	15	None	16

- R Prior approval required. “Prior approval” means prior written approval from the sponsor. Prior approval can take the form of the sponsor’s acceptance of the proposal and/or proposal budget and subsequent incorporation into the award, or written approval of a separate request submitted by the recipient.
- W Prior approval requirement waived
- 1 Waived except when subaward would be more than 25% of the total dollars of the award
- 2 Waived unless change in scope and except when subawardee is foreign
- 3 Waived except when subaward(s) would be more than 50% of the total dollars; required for any subaward to a federal agency.
- 4 Waived except for extensions that would result in a project period in excess of five years

- 5 Waived only for first-time request for extensions of 12 months or less
- 6 Uncommitted carryforward funds are to be included in the continuation proposal if they are “substantial.
- 7 Waived except when award indicates prior approval is required
- 8 Waived unless change in scope
- 9 Waived except for Kirschstein-NSRA grants
- 10 Waived, but is required for A&R in excess of \$25K, even if the A&R is accomplished with institutional funds designated as cost sharing
- 11 Waive for alterations and renovations costing up to \$300,000, unless change in scope
- 12 Waived, but costs not specifically covered in Uniform Guidance are subject to NIHGPS
- 13 Interest penalties for late payment are not allowed
- 14 Prior approval required for patient care costs if change in scope
- 15 Prior approval required to modify the amount of cost sharing reflected on Line M of the award budget
- 16 Non-working meals and compensation for harm to persons or property are unallowable; also unallowable for awards made under statutory authority cited in Article 3 of the ASR are:

Cost-related Requirements (cont.)											
Inclusion of Unrecovered F&A costs as cost sharing	Permitted										
Transfer of funds between construction and non-construction	Prior approval required										
Use of program income during the project period	Funds added to the amount available for the project										
Use of program income earned after the project period	No obligation to the federal government										
Property-related requirements											
Title to supplies with value of more than \$5,000 at the end of a project	R	R	R	W	W	W	W	W	R	W	
Acquire real property	Prior approval required										
Encumber real property acquired with federal funds	Prior approval required										
Use real property acquired with federal funds for other non-federal projects rather than compensating the federal government for its fair market value	Prior approval required										
Encumber equipment acquired with federal funds	Prior approval required										
Trade in equipment purchased with project funds to buy replacement equipment	Permitted										
Own equipment upon acquisition without conditions or with obligation to the sponsor at termination or project	Permitted										
Funding agencies' rights in data	Not Waived										
Use of valuation methods other than the lesser of book value or fair market value for contributed capital assets	Permitted										
Procurement requirements associated with the simplified acquisition threshold	Whenever FDP Terms and Conditions incorporate A-110 provisions referring to the “Small Purchase Threshold,” the term “Simplified Acquisition Threshold” is substituted										
Equipment threshold	Even if institutions establish a threshold for equipment lower than \$5,000, the FDP provisions relating to equipment apply only to those items costing \$5,000 or more										
Project Management Requirements											
Monthly submission of Cash Transaction Reports when advances exceed \$1 million/year	Not required										
Up-front specification of interrelationship among projects	Not required										
Publication acknowledgment and disclaimers	Required										
Additional requirements for use of human subjects beyond those imposed by federal law	None	None	17	None	None	None	None	None	None	None	None
Additional requirements for use of anatomical substances beyond those imposed by federal law	None	None	18	None	None	None	None	None	None	None	None
Use of sponsor budget forms for budget revisions	18	18	18	18	18	18	19	20	18	18	
Use of electronic records to meet record retention requirements	Permitted										

- 17 Army Surgeon approval also required
- 18 Not required, but budget should be in the same general format as original
- 19 Not required for SNAP awards; but others use “Next Period Budget” form page from PHS2590
- 20 Must be submitted electronically via the NSF Fastlane system at <https://www.fastlane.nsf.gov>

CHAPTER TWELVE: CLOSE-OUT OF THE AWARD

12.1 Process

Two weeks after the end date of an award, a notice will be sent by Sponsored Programs to the PI reminding him/her of the close-out requirements such as performance reports, etc. In addition, the assigned Contract Administrator, will send a listing all specific requirements and, when applicable, an Inventions Statement Certificate, and/or any other requirements specific to the award. The information provided in the termination notice is critical to the close out process and must be reviewed carefully by the PI. The notice also provides the deadlines for finalizing the close-out. When these deadlines are not met, the close-out process is delayed causing the University, as the awardee, to be in non-compliance. A delay in processing of charges may result in the sponsor refusing to reimburse for the charges. A late submission of a financial report can cause denial in further request for funds to support a program. When necessary, a request for an extension may be submitted by following the guidelines for the specific awarding entity. When intending to request an extension, contact your assigned Contract Administrator in Sponsored Programs. **An extension will not be granted for the sole purpose of spending down the funds and must be made at least 30 days before the end of the grant end date.**

12.2 Reports

Uniform Guidance, Subpart C, Sections 50-53 sets the standards for monitoring program performance and for the retention of records as described below.

12.2.1 Program Performance

Federal awards specify the frequency with which the performance reports must be submitted. Annual performance reports are due within 90 calendar days after the end of the performance period, and quarterly or semi-annual reports are due within 30 days after the end of the reporting period. Final reports are due within 90 calendar days after the expiration/termination of the award. Failure to comply with these guidelines or to meet the proposed goals may result in losing future funding or the final payment. The requirements for performance reports by non-federal sponsors are available either in the award notification or the sponsor's administrative manual/website. PIs are expected to be familiar with the requirements for reporting performance to their grantor.

12.2.2 Financial Performance

Federal awarding agencies determine the frequency for submission of a Financial Status Report for each project or program. The cost-share and the program income must also be reported. For non-construction projects, an SF-269 or SF-269A is required to report the status of funds. When the SF-270 or the SF-272 provides sufficient information, an SF269/A will be required only at the expiration/termination of the award. Quarterly or semi-annual SF-269/As are required within 30 days after the end of the reporting period and/or within 90 days after the end of the performance expiration/termination of an award. Extensions of reporting due dates may be approved by the federal awarding agency upon request of the recipient. Ninety days are given to finalize all close out financial processes, including any revisions to the report. **This does not mean that the grantee has ninety days after the end of the performance period to spend down the funds.** However, it is understood that charges incurred towards the end of

the performance period may post after the end date. **These end-of-performance period charges may be subject to review.**

For non-federal awarding entities, the requirements for reporting the financial status of the sponsored project may be provided on the sponsor award notification, in the sponsor manual, or on the sponsor website. All financial reports are prepared by the Research Accounting Office and signed by one of its fiscal officers (the Director or the Accounting Supervisor). Financial reports without the signature of one of the Research Accounting Fiscal Officers will not be considered “official.” When a progress report requires financial status information, the assigned Sponsored Program Accountants must verify the figures provided in the progress reports. The figures on the report must match the figures in the financial system at the close of a given month. **Without this verification, the financial information on the progress report will not be considered official.**

12.2.3 Other

Various sponsors require other types of reporting, such as Inventions, Equipment, Cost Share, etc. Any real property acquired with Federal funds or received from the Federal Government must be accounted for in accordance with Uniform Guidance. This information and the time frames for submission should be available in the award notice, in the sponsor’s manual, or on its website and may require the signature of the PI as well as the signature of one of authorized officials in the Sponsored Programs Office.

12.3 Costs Reimbursable, Fee for Service, Fixed Price

12.3.1 Cost Reimbursable

Except when an extension has been authorized, all obligations incurred during the awarding period must be liquidated within 90 calendar days after the funding period or the day of completion as stated in the terms of the award. An unobligated balance thereafter cannot be claimed, and if either advanced or paid must be promptly refunded to the grantor. The same applies if a later refund, rebate, or credit is applied to the grant account.

12.3.2 Fixed Price

The grantee is entitled to receive a lump-sum of money provided the program has met its performance standards. If all revenues have been received, and unless an extension is authorized, at time of termination, the direct cost portion of an unobligated balance will be voluntarily transferred to the PI’s Miscellaneous Unrestricted Account.

Closing a fixed price award will include the following:

- The PI has notified Sponsored Programs and the Research Accounting Office that the project has been completed and should be closed.
- The Research Accounting Office working with the Department Business Manager will transfer the residual direct cost revenue to the PI’s unrestricted account and the indirect cost revenue will be distributed normally.
- The project account will be closed.

12.4 Audit Disallowances

12.4.1 Audit Disallowances, Subsequent Adjustments Responsibilities

All restricted sponsored project funds will be subject to audit. The auditor shall determine whether:

- The amounts reported as expenditures were for allowable services.
- The records show that those who received services or benefits were eligible to receive them.
- The cost share or matching requirements, levels of effort and earmarking limitations were met.
- Reports and claims for advances and reimbursement contain information that is supported by books and records from which the basic financial statements have been prepared.
- The amounts claimed or used for matching were determined in accordance with cost principles and the sponsors policies and procedures.

Material findings of noncompliance will include:

- The number of noncompliance items.
- The dollar amount of each noncompliance item.
- The recommendations for necessary corrective action.
- The auditors will comment on action taken for prior findings.

Resolution of audit findings will be the responsibility of the University and the sponsor. Corrective action should proceed as rapidly as possible.

12.5 Over-expenditures

It is the responsibility of the PI to ensure funds are spent appropriately, including remaining within the allotted budget amount. If for any reason an anticipated continuation or preliminary award is not funded, or over-expenditures are incurred on a project for which the contract or grant is terminating, the PI or Department will be deemed responsible for paying the cost overruns. Any subsequent disallowance made by auditors and/or the awarding agency will be the responsibility of the PI or department.

When unallowable/disallowed expenditures are identified, the Research Accounting Office will bring them to the attention of the PI. The PI will have a sufficient time period (10 work days) to identify an alternate funding source for the cost overrun.

If it becomes necessary, the Research Accounting Office will contact the specific Department Chair or Dean to coordinate the use of F&A recovery funds or other account funds to correct the problem. In all instances, however, the PI and/or Department Chair will be kept apprised of the final disposition of project accounts.

Over Expenditures: Unless supplemental funding is awarded, overdrawn balances must be moved off within the 90-day liquidation period. Notices will be sent to all PIs holding accounts with overdrawn balances. If the Research Accounting Office is provided with an account for balance transfer, the assigned Sponsored Programs Accountant will assist the program in processing the journal voucher.

12.6 Assurances

University policies pertaining to health and safety including, but not limited to human subjects, animal research, radioisotopes, biosafety, and occupational and environmental protection, are applicable to ALL research conducted by the university.

12.7 Record Retention and Storage

Sponsored Programs, in conjunction with the Controller's Office, retains records for all grants, contracts, and cooperative agreements for six years in accordance with the University fiscal year close out. However, it is necessary for the Department to retain certain records for management purposes. The primary use of such records is to determine that all charges to a project are in fact applicable to that project.

Federal Acquisition Regulation (FAR) Part 52.215-2 stipulates that contractors must retain records and make them available for audit for three years after the final payment.

Uniform Guidance, which applies to grants, cooperative agreements, and subawards, stipulates that all records pertinent to an award must be retained for three years following the final expenditure report.

12.7.1 Record Retention

All records relating to an award, such as financial, statistical, supporting, etc. must be retained for a period of three years from the date of submission of the final report of expenditures. For awards that are renewed periodically, the records must be retained for three years from the date of the submission of the last periodic financial report as required by the sponsor.

12.7.2 Exemptions

Exemptions:

- 1) If prior to the end date, there is any litigation, claim, or audit, the records must be retained until all litigation, claim, or audit findings are resolved and final action is taken.
- 2) For real property and equipment acquired with Federal funds, records must be retained for three years after final disposition.
- 3) The three-year requirement does not apply to the recipient when records are transferred to or maintained by a Federal awarding agency.

Copies may be substituted for originals if authorized by the federal awarding agency.

CHAPTER THIRTEEN: TABLE OF ACRONYMS

AAALAC	American Association for Accreditation of Laboratory Animal Care
AFOSR	Air Force Office of Scientific Research
ARO	Army Research Office
ASAP	Accounting Services and Accounts Payable
BAA	Broad Agency Announcement
BLM	Bureau of Land Management
CAS	Cost Accounting Standards
COGR	Council on Governmental Relations
CDC	Center for Disease Control
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
COS	Community of Science
CV	Curriculum Vitae
DARPA	Defense Advanced Research Projects Agency
DC	Direct Costs
DEAR	Department of Energy Acquisition Regulations
DFAR	Defense Federal Acquisition Regulations
DoED	Department of Education
DHHS	Department of Health & Human Services
DOC	Department of Commerce
DOD	Department of Defense
DOE	Department of Energy
DOI	Department of the Interior
DOJ	Department of Justice
DOT	Department of Transportation
EDGAR	Education Department General Administrative Regulations
EDI	Electronic Data Interchange
EFT	Electronic Fund Transfer
EHS	Environmental Health and Safety
EPA	Environmental Protection Agency
ERA	Electronic Research Administration
F&A	Facilities and Administration
FAR	Federal Acquisition Regulations
FDA	Food & Drug Administration
FOIA	Freedom of Information Act
FR	Federal Registry
FTE	Full Time Equivalent
FWA	Federal Wide Assurance
GS	Graduate School
HIPAA	Health Insurance Portability and Accountability Act
IACUC	Institutional Animal Care and Use Committee
IBC	Institutional Biosafety Committee
IDC	Indirect Costs
IPA	Intergovernmental Personnel Act
IRB	Institutional Review Board

LOA	Letter of Appointment
LPO	Limited Purchase Order
MTDC	Modified Total Direct Costs
NACUBO	National Association of College and University Business Offices
NAS	National Academy of Science
NASA	National Aeronautics and Space Agency
NCI	National Cancer Institute
NCURA	National Council of University Research Administrators
NIH	National Institutes of Health
NIMH	National Institutes of Mental Health
NEH	National Endowment for the Humanities
NEA	National Endowment for the Arts
NRC	National Research Council
NSF	National Science Foundation
OMB	Office of Management and Budget
ONR	Office of Naval Research
OSHA	Occupational Safety and Health Administration
PA	Program Announcement
PHS	Public Health Service
PI	Principal Investigator
R&D	Research & Development
RFA	Request for Application
RFP	Request for Proposal
RFQ	Request for Quote
SAMHSA	Substance Abuse and Mental Health Services Administration
SBA	Small Business Administration
SBIR	Small Business Innovation Research Programs
SNAP	Streamlined Non-competing Award Process
SPIN	Sponsored Programs Information Network
SRA	Society of Research Administrators
STTR	Small Business Technology Transfer Program
S&W	Salaries & Wages
TCO	Technology Commercialization Office
TDC	Total Direct Costs
UBMTA	Uniform Biological Material Transfer Agreement
USDA	United States Department of Agriculture
USGS	United States Geological Survey
USU	Utah State University
VPR	Vice President of Research

CHAPTER FOURTEEN: GLOSSARY OF TERMS

Agency: The organization to which an application is made for support of a sponsored project.

Applied Research: The systematic, intensive study directed toward the practical application of knowledge and problem solving.

Authorized Signature: The president of the university or designee are the only authorized signatories in executing an agreement or proposal for a sponsored project. Once the account is established the PI is the authorized signer and may authorize other persons to spend funds on their project.

Basic Research: The systematic, intensive study, the primary aim of which is a fuller knowledge or understanding of the subject under study rather than a practical application.

Budget Period: Inclusive dates of the sponsored project which are specified by the agency; there will be no expenditures before or after the dates without written prior approval from the agency.

Consultant Services: Payments to individuals for professional services who are not university employees.

Contract: A document of agreement between a sponsor and the university by which the sponsor agrees to pay costs incurred for specific services or research goals.

Cooperative Agreement: A financial assistance agreement used when substantial sponsor involvement is anticipated with the university during performance of the project.

Cost Sharing: The portion of project costs which is not borne by the sponsor. The term cost sharing is used when the sponsor encourages the university to participate in the project. The term matching is used when the sponsor is required by statute to have the university participate in the project.

Direct Costs: Those costs that can be identified specifically with a particular sponsored project relatively easily with a high degree of accuracy.

Effort: The total activity or work for which an employee is compensated by the University.

Encumbrances: Unliquidated commitments or obligations against the account; those financial commitments made against the account which have not yet been paid.

Equipment: An article of nonexpendable tangible personal property having a useful life of one (1) year or more, and an acquisition cost of \$5,000 or more per unit. Included in the net invoice price is the cost to make it usable for the purpose for which it was acquired.

Expiration Date: The date signifying the end of the current budget period, as indicated on the award document, after which the University does not have authority to obligate project funds.

Fabricated Equipment: Equipment fabricated from component parts, which for each unit has a useful life of one (1) year or more and the net acquisition cost is \$5,000 or more.

Facilities and Administrative (F&A) Costs: Those costs that are incurred for common or joint objectives and therefore can not be identified readily and specifically with a particular project.

Fixed Price Award: This is an agreement in which the university guarantees to deliver a product or perform the work within the specified period at a fixed price agreed upon in advance, and payable regardless of actual costs.

Fringe Benefits: Contributions made by the University on behalf of the employees including such employee benefits as worker's comp, health insurance, and retirement.

General Purpose Equipment: Equipment which the use of is not limited only to research, medical, scientific, or other technical activities. Examples of this type of equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles and automatic data processing equipment.

Grant: A document of agreement between the sponsor and the University to carry out approved activities. A grant is used whenever the sponsor anticipates no substantial programmatic involvement with the University during the performance of the activities.

Index Number: The financial record established by the Research Accounting Office to provide current information on obligations, revenue and disbursements of a project. This is also referred to as budget number, account number or department/project number.

Indirect Costs: See **Facilities and Administrative Costs**

Indirect Cost Rate: See **Facilities and Administrative Rate**

In-kind Contributions: The value of non-cash contributions, which may be in the form of property, goods, or services directly benefiting and specifically identifiable to the project.

Line Item Budget: A budget that lists the cost of all personnel participating in a project as well as the cost for all other budgeted items.

Negotiated Facilities and Administrative (F&A) Rate: The ratio, expressed as a percentage, of the total indirect cost to the direct cost base (modified total direct costs).

Notice of Award: The legally binding document sent by the sponsor that notifies the University that a proposal or grant application has been awarded.

Organized Research: All research and development activities of the university that are separately budgeted and accounted for. It also includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities.

Principal Investigator (PI): The designation of a faculty member who is given responsibility for the project.

Program Income: Gross income earned by the University that is directly generated by a supported activity or earned as a result of the project.

Special Purpose Equipment: Equipment which is used only for research, medical, scientific, or other technical activities.

Sub-agreement: A collaborative effort with another institution where their expertise is needed to fulfill the terms of the project. This is also referred to as sub-contract or sub-grant.

Unencumbered Balance: The monies in the account not yet spent or committed.

CHAPTER FIFTEEN: APPENDIX / REFERENCE MATERIALS

15.1 *Proposal Approval Form (SP-01)*

Available on the Sponsored Programs website under [forms](#)

15.2 *Budget Template*

Available on the Sponsored Programs website under [forms](#)

15.3 *Facilities and Administrative Waiver Form (SP10)*

Available on the Sponsored Programs website under [forms](#)

15.4 *Financial Report*

Available on the Controller's website

15.5 *Uniform Guidance*

Available on the [here](#)

15.6 *ONR Negotiated F&A Rate Agreement*

Available on the Sponsored Programs website under [resources](#)

15.7 *CAS Disclosure*

Available on the [Controller's](#) website