THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

OFFICE OF SPONSORED PROGRAMS

PRINCIPAL INVESTIGATOR

AND

UNIT ADMINISTRATOR

DESK GUIDE/REFERENCE MANUAL

Revised June 2021

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ROLES AND RESPONSIBILITIES

Introduction

Accepting outside funding to conduct research in the name of The University of Alabama in Huntsville carries public and professional responsibilities. It is vital that the University faculty, researcher and their support staff understand and adhere to the University's policies and procedures regarding sponsored project activity.

What?

This handbook is an overview of information concerning the University of Alabama in Huntsville's policies and procedures for sponsored research proposal preparation and submission as well as post-award contract and grant administration.

The printed version of this handbook provides copies of some of the referenced documents, policy statements and forms referenced in the text. A copy of the handbook is available on the OSP website under the Handbook tab.

Who?

The primary users of this handbook are UAH research Principal Investigators, other research personnel, and the employees who provide administrative assistance and support to the research effort.

When?

Any individual contemplating a first-time proposal to request sponsored project funding should read this handbook before initiating the proposal process. Any individual engaged in sponsored project activity at UAH as procedural questions arise should consult it.

Why?

Proposing and accepting an award under the auspices of The University of Alabama in Huntsville carries responsibilities. The University, the Principal Investigator, other University employees involved in the research, and research support effort share these responsibilities. The employees will be expected to conduct research professionally and charge the funding agency in accord with all relevant agency, Federal, State, and University rules and regulations.

A proposal submitted in the name of the University of Alabama in Huntsville must be internally reviewed to assure that it meets the standards of the University and adheres to agency guidelines. To be an official proposal, it must be signed by a University official who is authorized by the Board of Trustees of the University of Alabama to commit the University. Awards received by UAH will be reviewed to ensure that the terms and conditions are acceptable to the University as an entity of the State of Alabama and the Principal Investigator. ■

Roles and Responsibilities: PI and OSP

Principal Investigator (PI)	Office of Sponsored Programs (OSP)
Responsible for the overall development and content of the proposal; may delegate aspects of preparation to administrative and scientific staff, but remains ultimately responsible for all aspects of the proposal as submitted.	☐ Reviews sponsor requirements.
☐ Reviews sponsor requirements—both standard and non- standard.	☐ Ensures all personnel proposed have the required RCR Training and Export Control Certification.
☐ Develops the technical narrative and determines the resources necessary to complete the project.	☐ Prepares budget based on information provided by Principal Investigator.
☐ Provides data for the budget and justification in collaboration with administrator or Contracts and Grants Coordinator, including confirming allowable budgeted items and verifying time/effort commitments, salaries, salary caps, and rates (F&A), tuition, cost-sharing, and signed PI certification form.	☐ Reviews proposal, budgets, and supporting documentation for compliance with sponsor solicitation, federal and UAH policies.
☐ Communicates with administrator or Contracts and Grants Coordinator as early as possible during budget preparation regarding preparation of Small Business Subcontracting Plan, if required.	☐ Notifies the PI and support staff of any changes required to make the application compliant
☐ Consults with the Center Director/Dean /Department Chair regarding the use of space, cost sharing, and other key issues, as needed.	☐ Works with the PI and support staff in preparing the Small Business Subcontracting Plan, if applicable.
☐ Secures all Institute commitments required for proposal: including, Human and Animal subject protocol; Responsible Conduct of Research Training; Export Control; radioactivity; biohazards; Fabricated Equipment approval; Commitment Letters and Proposals from Subcontractors, Collaborators, and Consultants; and equipment and materials and supplies quotes and justifications.	☐ Prepares and executes Non-disclosure Agreements (NDAs), Memorandum of Understanding (MOUs), Teaming and Collaboration Agreements (consulting with Office of Counsel and OVPR), if necessary.
☐ Completes all required disclosures, to include but not limited to Conflict of Interest, Financial Disclosure, etc., if required; ensures all other Sr. Key Persons do the same.	☐ Drafts the response to anticipated sponsor terms or drafts the proposed agreement, as appropriate.
☐ Upload all applicable documents in accordance with agency requirements.	☐ Ensures proper institutional sign-offs on proposals and financial commitments, such as F&A reduction/cost and institution cost sharing.
☐ Release the proposal to OSP for budget, final review and submission to sponsor.	☐ Prepares supporting documents for proposal, including the transmittal letter, certifications, and response to terms and conditions, if necessary.
	☐ Releases electronic proposals for review approval.
	☐ Submits proposal to sponsoring agency.
	☐ Notifies PI when proposal is submitted.
	☐ Verifies receipt of proposal via funding agency website, if applicable.
	☐ Logs and enters proposal data in OSP Electronic Research Administration (eRA) database.

Chapter 1. The Research Environment

Introduction

The University of Alabama in Huntsville (UAH) is a state-funded institution of higher education. UAH's revenue includes tuition and gifts, as well as a significant amount of funding from external research sponsors, including the federal government, industrial sponsors, and foundations. The research enterprise can be characterized by a "cradle to grave" process. This process begins with a concept or idea that is turned into a proposal, followed by an award, the performance of the project, and several other steps that ultimately lead to the closeout process. Understanding the entire process will help you to become more successful as a Principal Investigator, and your support staff more efficient.

The PI has overall responsibility for the technical and fiscal management of a sponsored project, including the control of the project within funding limitations, and assuring that the sponsor will be notified when significant conditions related to the project status change. While responsibility for the day to day management of project finances may be delegated to support staff, accountability for compliance with UAH policy and sponsor requirements ultimately rests with the PI.

1.1 What is a Sponsored Project or Funded Research?

Most grants, contracts, cooperative agreements, and other agreements from sources outside the university are considered "sponsored projects" or "funded research." If a project meets any of the following criteria, it is regarded as a sponsored project and should be coordinated through the Office of Sponsored Programs (OSP):

(a) a specific statement of work bounds the University;
(b) invoices, separate accounts or reports of expenditures are required;
(c) unexpended funds must be returned to the sponsor at the project end;
(d) the funds are accompanied by an agreement with specific terms and conditions.

Other indicators of a sponsored project might be:

(a) the project has a specific period of performance;
(b) a report or some other "deliverable" is required.

Donations or gifts to the University which do not have any of the above criteria associated with the transaction should be coordinated through the Office of University Advancement. When in doubt, the sponsoring agency should be contacted for clarification of their intent.

1.2 Responsibility for Sponsored Project Administration

Although the sponsored project award is based on the Principal Investigator's experience and expertise, always remember that **the award is a legal agreement made to the University for a specific purpose.** The PI must bear in mind that they are using University (public) resources to conduct the project. The key figures in the sponsored project process and their responsibilities are:

(a) Principal Investigator (PI) is the person responsible for conducting the proposed project as contractually agreed by the University. Which includes expending funds within the guidelines of the sponsoring agency and delivering required reports on time. In most cases, a PI must be a full-time UAH employee.
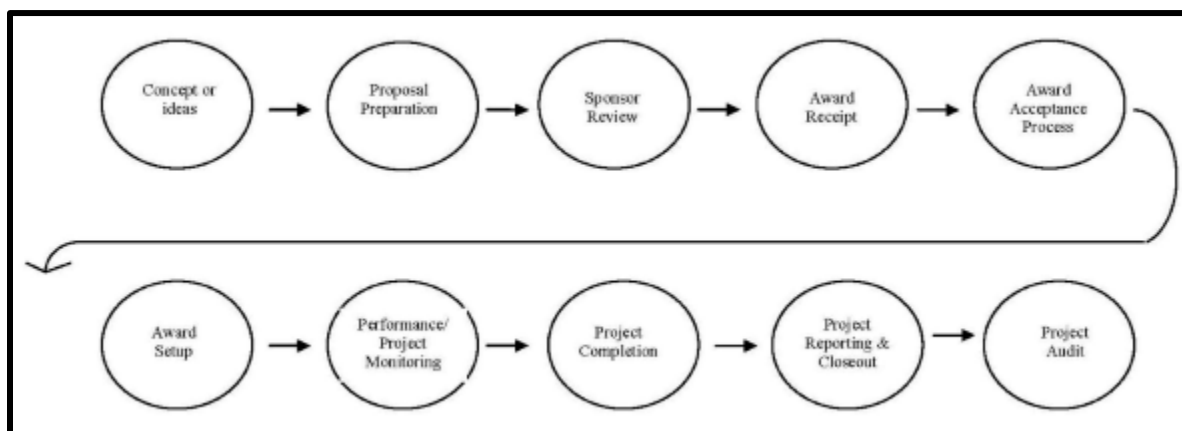
Figure 1.1: Work Flow – Proposal to Closeout
Each of the elements described in Figure 1.1 is described in more detail in subsequent chapters.

(b) Vice President for Research and Economic Development (OVPRED) is the chief research officer of the University and, under the supervision of the President, provides overall executive leadership and coordination in the support and documentation of research in the academic departments and research units of the University. The OVPRED is responsible for oversight of all sponsored programs in the University and the management of resources and services required for the research operations. The OVPRED is responsible for the Research Centers, and the Center Directors report directly to the OVPRED. The Office of Sponsored Programs and Contracts and Grants Accounting reports to the Vice President for Research and Economic Development.

(c) Provost and Executive Vice President for Academic Affairs are responsible for the review and approval of any proposed sponsored effort involving academic courses at the University.

(d) Vice President for Finance and Administration is responsible for many of the offices on campus that serve the research effort, including the Office of Finance and Budgets, Payroll, Accounts Payable, Human Resources, Business Services (Purchasing, Travel Reimbursement, Central Receiving), and Facilities and Operations.

The proposal/award process is divided into two phases: pre-award (proposal preparation through negotiation) and post-award (execution of the award document through contract/grant closeout.)

1.2.1 Proposal Preparation and Processing

The Office of Sponsored Programs (OSP is responsible for submitting proposals and accepting awards on behalf of UAH, sponsored project proposals may only be submitted and awards accepted by individuals authorized in OSP to sign the necessary documents.

Because proposals are submitted, and awards are granted to the university and not individual PIs, PIs and administrative staff are not authorized to submit proposals, accept grants, or execute contracts on behalf of the university.

1.2.2 Award Acceptance Process

After a proposal has been accepted by OSP and submitted to the sponsor, and the project is selected for funding, the negotiation and acceptance process begins. OSP must process an award within 72 hours from receipt (provided there are no legal issues with the award documents).

Awards are reviewed and, if necessary, negotiated to ensure the terms and conditions are acceptable. As appropriate, OSP will consult with the PI and other administrative offices, such as; the Office of Technology and Commercialization, Legal, and Research Security.

This process can take as little as a few days or as long as a month, depending on the terms and conditions.

1.2.3 Performance/Project Monitoring

This is the core of research administration. While the research is underway, the project is being administered and monitored. Expenditure statements are reviewed and reconciled. Effort and salaries are distributed and certified. Activities such as subcontract/ grant setup; and monitoring and procurement of materials and supplies need to be performed during the research period of performance.

1.2.4 Project Completion

At the end of each project, the university must go through the closeout process. It is essential to submit all deliverables (including technical reports and patent/intellectual property reports) to sponsors on time and to assist OSP and Contracts and Grants Accounting (CG&A) as requested. All reports (final technical, financial, and any others identified in the

award document) must be completed and submitted within 90 days of the end of the project.

1.2.5 Project Audit

Every project's records must be kept a minimum of 7 years from project closeout for audit availability and longer in certain instances. Audits may be performed during the life of the project or at completion, and any specific project may be selected randomly for a systems audit.

1.3 Your Responsibilities

It is the job of those who approve financial transactions for the university to uphold the stewardship responsibilities delegated by The University of Alabama Board of Trustees. These responsibilities are fulfilled by assuring that the expenditures are: (a) Allocable to the project based on the benefit received. (b) Reasonable and necessary for the performance of the project. (c) Consistent with established university policies and practices (UAH Cost Accounting Standards), Policy # 07.06.01 Cost Policy, and (d) Applicable to the work of the university, including instruction, research, and public service.

Everyone who authorizes the expenditure of university funds for any purpose must understand how UAH's accounting system (BANNER) works, as well as the university policies and federal regulations that are implemented through the system.

1.4 The Research Team

There are a large number of ongoing, externally-sponsored research projects at UAH. These projects are accomplished by dedicated research teams typically composed of a PI, research staff, students,

department, laboratory, center staff, and central administration. The administrative responsibilities and roles of the research team can be described as follows:

1.4.1 Principal Investigator (PI): Has overall responsibility for all aspects of the research project.

1.4.2 Departmental/Laboratory/Center Administration:

Ensures compliance with award terms and conditions, UAH policies and sponsor requirements, and processes transactions to support research initiated by the PI and their designee.

1.4.3 School Administration: Reviews, advises, and approves proposals.

1.4.4 Central Administration*:
     (a) Provides guidance, training, clarification, and interpretation of policies, terms, and conditions.
     (b) Reviews, advises and submits proposals and approves agreements
     (c) Represents the university on behalf of The University of Alabama Board of Trustees based on transactions initiated by the PI and support staff.
*Central administration includes the following offices that are involved in the administration of research:
Office of Sponsored Programs (OSP), the Office of the Vice President for Research and Economic Development (OVPRED), Procurement, Contracts and Grants Accounting (CG&A), Office of Proposal Development (OPD), Office of Technology and Commercialization (OTC), Office of Research Security (ORS), the Office of General Counsel and Compliance and Internal Auditing.

1.5 Role of the Federal Government—The Need for Regulation

In FY 19, UAH had expenditures of more than $94.3 million in external research and sponsored program funds. A significant majority of these funds came from NASA and DOD. In its role as a steward of the taxpayer's money, the government has a responsibility to provide principles for determining costs allocable to research and administrative regulations to augment the principles.

These principles and regulations are discussed in this manual's chapter on Sponsored Research Basics. The most significant for the research enterprise are the following:
     (a)   2 CFR 200**:** Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (aka *Uniform Guidance).*
     (b)   Federal Acquisition Regulations (FAR): Contracts Requirements.

1.5.1 Why do we have regulations?

Regulations serve to maintain the public trust, that is, confidence in research results and outcomes. Also: assurance that human subjects and animals are given the best care and treatment, trust that federal funds are spent for the benefit of all, and confidence that scientific research is conducted responsibly.

OSP and C&G Accounting are charged with aiding the PI to ensure total compliance with regulations regarding research.

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1.5.2 What are the consequences of violations of policy or regulation which occur during a sponsored project?

If a PI or his designee violated a regulation through a voluntary or involuntary act or omission, the individual and the university could face severe penalties that affect the entire research enterprise at UAH, not just the particular project.

Consequences would include some or all of the following:

(a) Increased scrutiny by sponsors and audit agencies;
(b) Corrective action plans;
(c) Fines, penalties, & potentially disallowed costs;
(d) Harm to the health and safety of individuals; and
(e) Damage to UAH's reputation.

1.6 Types of Sponsored Agreements

When the federal government or other entity decides to fund research or other sponsored activities, there are several different types of awards that can be used. Assistance awards (grants) allow the most flexibility. Procurement awards (contracts) tend to be more restrictive because they usually require specific deliverables. Other Transaction Agreements (OTAs) are used in limited circumstances such as prototyping and, in most cases, are not the ideal vehicle for support of sponsored research.

1.6.1 Assistance Awards

(a) **Grants.** A grant is defined as assistance bestowed without expectation of any tangible deliverables other than a final report. It is the appropriate agreement to use in a relationship between the federal government and a recipient whenever:

(1) The principal purpose is the transfer of money, property, services, or anything of value to the recipient to accomplish a public mission of support, and

(2) There is **no** substantial involvement anticipated between the government agency and the recipient during the performance of the activity.

` (b) **Cooperative Agreement.** A cooperative agreement is defined as assistance that substantially involves the sponsor in the outcome of the research results. It is the appropriate agreement to use in a relationship between the federal government and a recipient whenever:

(1) The principal purpose is the transfer of money, property, services, or anything of value to the recipient to accomplish a public mission of support, and

(2) There **is** substantial involvement anticipated between the government agency and the recipient during the performance of the activity.

(c) **Procurement Awards Contracts.** A contract is a procurement action. The sponsor is procuring research from the institution and acts as the technical overseer. It is the appropriate agreement to use in a relationship between the federal government and a recipient whenever:

(1) The principal purpose of the agreement is for the government to acquire property or services for direct benefit and use of the federal government, and

(2) Substantial involvement anticipated between the government agency and the recipient during the performance of the activity.

(d) **Other Transaction Agreements Other Transaction Agreement (OTA)** is generally described by what it is not—that it is not an assistance or procurement award. It is the appropriate agreement to use in a relationship between the federal government and a recipient whenever:

(1) Commercial technology is more advanced than military, innovative commercial products should be introduced

rapidly, and non-traditional partnerships are most effective, and

(2) The government determines that the activity requires that standard terms (particularly intellectual property) are inappropriate for the award.

The terms and conditions UAH is required to follow must comply with the State of Alabama laws. Non-federal agencies are less precise in their classification of awards, but UAH is still responsible for classifying these projects accurately in its accounting system.

1.6.2 Sponsored Projects

Characteristics of a sponsored project agreement include:

(a) A specific statement of work (or a set of particular aims);

(b) Detailed financial accountability and reporting;

(c) Disposition of property;

(d) Deliverable, including a final technical report, and

(e) Period of Performance.

Sponsored projects are typically awarded to UAH in response to a proposal to accomplish a specific statement of work and commitment to a detailed project plan. The statement of work is generally supported by both a period of performance and a budget, both of which are key to financial accountability. The written agreement typically includes details and complex financial accountability, including:

(1) Project budget, including F&A costs;

(2) A specified period in which project funds may be expended, usually defined as "start" and "end" dates;

(3) The requirement to return any unexpended funds at the end of that period, and

(4) Regular financial reporting and the possibility of an audit.

1.7 Gifts vs Grants

Grants are made to UAH to accomplish a specific purpose, and the funds carry terms and conditions stipulated by the sponsor. Grants are exchanged transactions that require UAH to provide something of value to the sponsor, typically a deliverable such as a report.

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

Proper identification of gifts versus grants and appropriate classification of the purpose of gifts versus grants (i.e., as Instruction, Organized Research, etc.) are important aspects of UAH's fiduciary responsibilities and accountability for proper stewardship of Federal funds.

OSP is responsible for the administration of some gifts, grants, contracts, and cooperative agreements. University Advancement is responsible for the administration of UAH's gifts. In situations where it is not clear whether a gift should come through OSP or Advancement, OSP will coordinate with University Advancement to determine the appropriate responsible organization

1.8 Policy and Regulation— The Role of Audit and Research Compliance

Two critical infrastructure and support units to the research enterprise are the Office of

Internal Auditing and the research compliance activities of OSP. The goal of these offices is to work with research units to help them comply with the myriad of federal compliance regulations and with the requirements for appropriate expenditures of federal (and other) sponsored funds. These offices can provide direct consultation and support to units as they develop departmental level tools to help ensure compliance.

1.9 University Policy and Federal Regulations

Sponsored projects are externally funded activities governed by terms and conditions specified in a written agreement between the sponsor and UAH, and they count for the **largest single source of revenue** to the university. Funding for sponsored projects is comprised of both direct and F&A (Facilities and Administrative) costs.

1.9.1 Direct Costs

Expenses that are specifically associated with a particular sponsored project or activity and can be directly assigned to that project or activity with a high degree of accuracy. Example: On a sponsored project, examples of **direct costs** are technical staffing, travel, equipment, subcontracts, and project materials. One can directly associate the salary of a person working on a specific project as well as equipment and materials purchased and used explicitly on the project.

1.9.2 F&A Costs

University expenses that cannot be specifically identified with a particular project or activity. Sometimes called "indirect costs" or "overhead," these are the costs of administration, building, utilities,

and the many other expenses necessary for the operation of the university.

Example: One example of an F&A Cost is utilities because they benefit many activities in a building. Separate utility meters could be installed in every room in the building to track power and water use, but that would be extremely expensive and impractical and would not measure usage for a specific project.

Because individual F&A Costs cannot be assigned to projects, the university calculates a rate to determine the fair share of F&A Costs. The applicable F&A Rate is then applied to all sponsored research projects-including federal and non-federal sponsors.

1.10 Your Role in Implementing Policy and Regulations

You have an essential role in implementing UAH's policies and federal regulations. Whenever you order supplies, authorized the payment of salaries, reimburse a student, fill out an expense report, request the issuance of a check, or perform any of the many tasks involving UAH finances, you process financial data for the university. The university uses this information to manage its budget and to be reimbursed for direct project costs and F&A costs from sponsors.

1.11 UAH Recovers F&A Costs from Sponsors According to Federal Regulations

In FY2019, the university expended $94.3 million from external sponsors to support the direct costs of sponsored projects. These funds included $19.24 million from sponsors for the F&A costs associated with those projects. The federal government provides specific regulations regarding what expenses

are allowable and which are unallowable for reimbursement through direct and F&A cost recovery. Many of the university fiscal policies mirror federal cost regulations.

All university expenses (costs), regardless of fund source, are sorted and categorized according to classifications included in federal regulations, so the calculation of the F&A cost rate can be correctly determined. OSP is responsible for calculations of the F&A rate and the classification of UAH expenses into the accurate categories.

Consequently, each expense must be classified and coded correctly according to the four cost principles (**Allowable, Allocable, Reasonable, Consistent)** as outlined in the chapter entitled "Sponsored Programs Basics," which are incorporated in:

UAH Cost Policy.
Federal regulations have been incorporated into UAH's Cost Policy, such as 2 CFR 200.
The specific terms and conditions of each award.

UAH administrators, staff, and faculty, regardless of whether they work with sponsored projects, must understand the impact of sponsored programs and the related F&A recovery on UAH operations.

1.11.1 Compliance

Compliance is an area of increased federal government emphasis, both in the area of financial and programmatic compliance. Financial compliance is typically seen in the context of financial audits, both systems, and individual grants and contracts. Programmatic audits cover a wide range of activities, as described in 2 CFR 200, Subpart F, Audit Requirements. 2 CFR 200,

Subpart F applies to all sponsored activities where funding is derived from federal sources and includes a compliance supplement which specifies the auditors' area of focus and the range of regulatory requirements placed on federal awardees.

Regulations affecting sponsored research programs may be imposed as a result of laws passed by Congress or policies set by executive agencies to achieve social or economic goals. They may provide protection and security to individuals and the country; or may impact how science is performed.

The False Claims Act (31 U.S.C. §§ 3729-33) was enacted originally by the federal government during and after the Civil War to counteract fraud by government contractors. Its application has been greatly broadened and includes penalties for making a fraudulent statement to get a claim paid by the government. The False Claims Act also protects employees who make "Whistleblower" claims against employers who make inappropriate charges to Federal programs.

The impact on research in higher education is the potential for a false claims charge brought by an employee in connection with any invoice submitted to the government for payment.

Financial compliance programs at universities are one step that higher educational institutions are taking to prevent inappropriate charges—also, the U.S. Sentencing Guidelines, 69 Fed. Reg. 28994, 29019 (November 2013), provide that a viable and active training program is a mitigating factor in any settlement amount imposed by the government.

On the programmatic side, there are a host of regulations that impose compliance requirements on recipients of funds for sponsored programs to prevent research misconduct, including the falsification of research results. The university that receives the funds is responsible for compliance. Still, in many instances, the requirements for compliance lie with the PI as well as, or in addition to the university.

The National Council of University Research Administrators (NCURA), a professional development association for research administration professionals has published "*Regulation and Compliance: A Compendium of Regulations and Certification Applicable to Sponsored Programs*," available in the OSP office. This document provides an overview of the range of compliance regulations applicable to sponsored programs. A few of the topics included are:

- Misconduct in Science;
- Financial Conflict of Interest;
- Care and protection of humans used in research; and
- Care and protection of animals used in research.

1.11.2 Misconduct in Science

The federal government has adopted a formal statement on what constitutes misconduct in science (see 65 Fed Reg. 22286), which agencies are gradually adopting into their regulations. UAH's misconduct in science regulations appears in the Appendix of this desk guide, and on the OSP website.

1.11.3 Financial Conflict of Interest

The National Science Foundation (NSF) and the National Institutes of Health (NIH) have adopted regulations on financial conflict of

interest by PIs and other Key personnel responsible for proposing, conducting, and reporting on the results of research.

UAH's implementation of both agencies' regulations includes a requirement that the PI and other key personnel provide information before THE SUBMISSION OF PROPOSALS to the extent (if any) of any financial holdings or income which meet the government's thresholds (NSF and NIH thresholds are identical).

Although any potential conflicts do not need to be resolved before submission of the proposal, disclosure in advance is required; resolution needs to be accomplished before any resulting award is available for expenditure. The OSP proposal routing electronic system, Kuali, includes a place for the investigators to complete a Financial Conflict of Interest Disclosure. PI and Key Personnel must complete a Financial Disclosure Annually. For more information, refer to the OSP website, *Conflict of Interest*.

1.11.4 Care and Protection of Animals Used in Research

UAH's Animal Care and Use Committee is the entity that approves protocols for the use of animals in research. Information about how the committee operates and the requirements for protocol submission is located on the OSP website (see Appendix for link).

1.11.5 Care and Protection of Humans Used in Research

Federal mandate (The Common Rule 45 CFR 46) and longstanding UAH policy require that the Committee on the Use of Human Subjects review and approve ALL

research involving human subjects that are performed under the auspices of UAH.

Types of research that must be reviewed by UAH's IRB Committee include investigations of physiological, behavioral, sociological, and nutritional studies, which include projects involving human tissues, blood, images, questionnaires, interviews, and other procedures.

Federal guidelines (45 CFR 46) define "human subject" as "A living individual about whom an investigator (whether professional or student) conducting research obtains: (a) Data through intervention or interaction with the individual, or (b) Identifiable private information."

"Intervention" includes both physical procedures by which data are gathered (for example, drawing blood) and manipulations of the subject or the subject's environment that are performed for research purposes.

"Interaction" includes communication or interpersonal contact between investigator and subject.

Federal regulations require that all personnel involved in any NIH sponsored research to take and pass a training course on human subjects' research before embarking on such research. UAH policy extends this requirement to all UAH personnel involved in any human subjects' research.
http://phrp.nihtraining.com/users/login.php

PIs are responsible for confirming that all study personnel have taken and passed the training course on Human Subjects Research, and are "certified to participate in studies involving human subjects.

All personnel involved in studies utilizing humans as research subjects must undergo recertification in human subjects research training every three years from the date of original approval.

Information about how the committee operates and the requirements for protocol submission is located on the UAH IRB website.
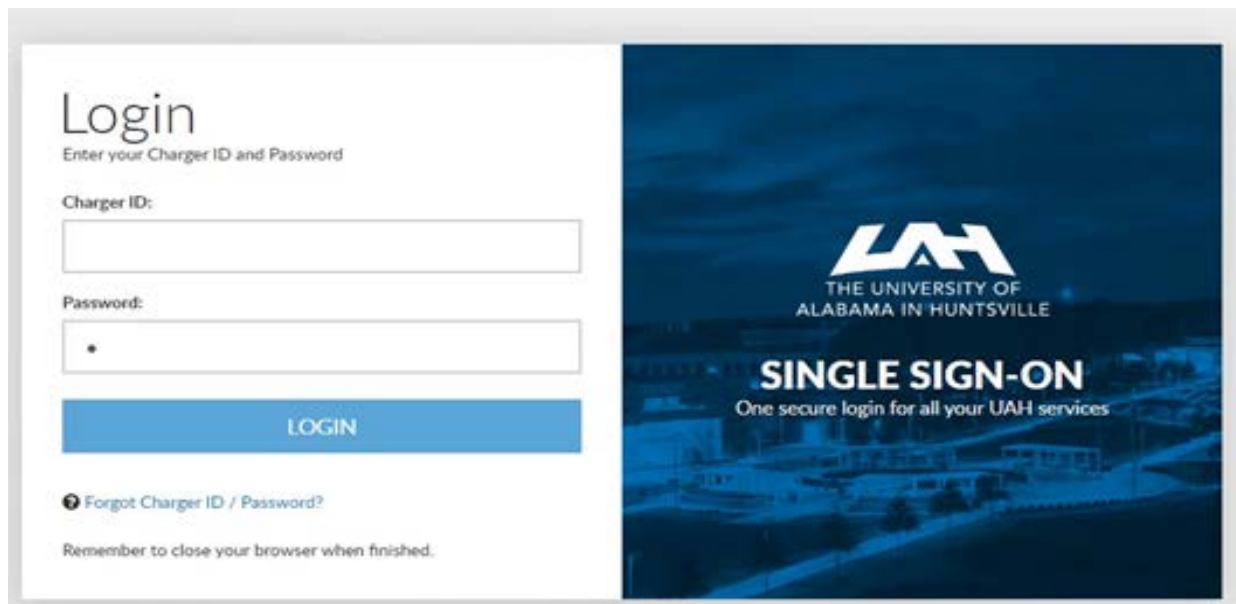
1.12 UAH's Management System for Sponsored Programs

UAH's electronic Research Administration (eRA) System is Kuali. Kuali provides full online research administration and compliance management to simplify processes and improve insights.

With Kuali, our process is streamlined with automated workflow creating a single repository for proposal, award, conflict of interest disclosures, and protocols information. Reporting modules provide administrators and departmental users with tools to use this rich information to gain valuable insights and make more informed decisions.
Access to the OSP eRA is via BANNER, Single Sign-On. See Figure: 1.2: Banner Single Sign-On ∎

Figure 1.2: UAH Banner Single Sign-on

Chapter 2. Sponsored Programs Basics

Introduction

The federal government issues awards using the following instruments:

Assistance
- Grants
- Cooperative Agreements

Procurement
- Contracts
- Purchase Orders
- Credit Cards

Other Transaction Agreements
- Awards not subject to any of the standard federal requirements

For more details on each of these types of awards, see Chapter 1, Types of Sponsored Agreements. The vast majority of awards to UAH are classified as contracts.

The University uses the following federal requirements in establishing its procedures for administering all awards for research and other sponsored agreements:

- 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (aka Uniform Guidance).
- Federal Acquisition Regulations (FAR): Contracting Requirements.

The provisions of 2 CFR Part 200 and the FAR apply to all agencies that award federal dollars. UAH has translated these principles into its policies.

2.1 What is 2 CFR 200?

The Uniform Guidance (UG) applies to all new awards, and non-competing continuations (NCCs) made on or after 12/26/2014 (see 2 CFR § 200.110). The Uniform Guidance also applies to any administrative actions or supplements made to those awards that were made on or after 12/26/2014.

UG 2 CFR Part 200, Subpart E covers the principles that must be used in determining the allowable costs of work performed by a non-Federal entity under a Federal award and in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate prices. It covers exemptions (§200.401(c)) and basic considerations (§§200.402-200.411).

UAH receives funding from over 50 different sponsors, including federal agencies, foundations, not-for-profit institutions, and for-profit companies. Each of these has the right to establish its own terms and conditions for its awards. Also, each award may include specific terms applicable to that award.

The terms of an individual award take precedence over the general provisions of 2 CFR Part 200. For example, although travel is identified as an allowable cost in 2 CFR Part 200, Subpart E, a particular award may designate travel, or more likely, foreign travel, as unallowable. In that case, UAH may not charge *international* travel expenses to that project. Similar types of provisions may pertain to the acquisition of permanent equipment.

Some awards contain provisions for "pre-approvals" of specified expenses, particularly on contracts. Where required by the terms of the award, UAH **must** get the written approval of the sponsor's authorized representative before charging those expenses. ■

Figure 2.1 Allowable and Unallowable Costs under 2CFR200

Allowable and Unallowable Costs under the Uniform Guidance

CFR number	Item of Cost	Allowable	Unallowable
§200.421	Advertising and public relations.	X*	
§200.422	Advisory councils.		X
§200.423	Alcoholic beverages.		X
§200.424	Alumni/ae activities.		X
§200.425	Audit services.	X**	
§200.426	Bad debts.		X
§200.427	Bonding costs.	X	
§200.428	Collections of improper payments.	X	
§200.429	Commencement and convocation costs.		X
§200.430	Compensation—personal services.	X	
§200.431	Compensation—fringe benefits.	X	
§200.432	Conferences.	X	
§200.433	Contingency provisions.		X
§200.434	Contributions and donations.		X
§200.435	Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.		X
§200.436	Depreciation.	X*	
§200.437	Employee health and welfare costs.	X	
§200.438	Entertainment costs.		X
§200.439	Equipment and other capital expenditures.	X**	
§200.440	Exchange rates.	X*	
§200.441	Fines, penalties, damages and other settlements.		X
§200.442	Fund raising and investment management costs.		X
§200.443	Gains and losses on disposition of depreciable assets.	X*	
§200.444	General costs of government.		X
	Gift Cards		X
§200.445	Goods or services for personal use.		X
§200.446	Idle facilities and idle capacity.		X
§200.447	Insurance and indemnification.	X*	
§200.448	Intellectual property.	X*	
§200.449	Interest.	X*	
§200.450	Lobbying.		X
§200.451	Losses on other awards or contracts.		X
§200.452	Maintenance and repair costs.	X	
§200.453	Materials and supplies costs, including costs of computing devices.	X*	
§200.454	Memberships, subscriptions, and professional activity costs.	X*	
§200.455	Organization costs.		X
§200.456	Participant support costs.	X	
§200.457	Plant and security costs.	X	
§200.458	Pre-award costs.	X**	
§200.459	Professional service costs.	X*	
§200.460	Proposal costs.	X	
§200.461	Publication and printing costs.	X**	
§200.462	Rearrangement and reconversion costs.	X	
§200.463	Recruiting costs.	X*	
§200.464	Relocation costs of employees.	X*	
§200.465	Rental costs of real property and equipment.	X*	
§200.466	Scholarships and student aid costs.	X	
§200.467	Selling and marketing costs.	X***	
§200.468	Specialized service facilities.	X	
§200.469	Student activity costs.		X
§200.470	Taxes (including Value Added Tax).	X*	
§200.471	Termination costs.	X*	
§200.472	Training and education costs.	X	
§200.473	Transportation costs.	X	
§200.474	Travel costs.	X	
§200.475	Trustees.	X*	

* - Allowable under limited Circumstances
** - Allowable only with prior permission from the grantor
*** - Allowable only as a direct cost with perimission from the grantor

2.2 Cost Principles

2.2.1 Four Cost Principles: Allowable, Allocable, Reasonable, and Consistent

(a) A cost is **allowable** when:

● It serves the university business purpose, including instruction, research, and public service.

● It is permissible according to UAH cost policy and federal regulations (regardless of whether or not it is a sponsored project).

● It is permissible (for a sponsored project) according to the terms and conditions of the Sponsored Agreement. Rules for allowability are covered in [2 CFR Part 200, Subpart E—Cost Principles.](#)

(b) A cost is **allocable:**

● For a sponsored project, the cost must provide "benefit" to the project.

● For a gift, it must correspond to the intent of the donor.

(c) A cost is **reasonable** if a prudent person would purchase the item at that price. Determine whether a cost is reasonable by considering whether:

● The cost is necessary for the performance of the activity.

● The incurrence of the cost is consistent with established UAH policies and practices.

(d) A cost is **consistent** when like expenses are treated in the same manner in like circumstances. For the sponsored projects, consistency means that sponsors pay for costs either as a direct charge or as an F&A cost, not both directly and indirectly. The University establishes policies that, if followed, ensure consistency.

2.2.2 What costs are specifically unallowable?

For costs reimbursed by the Federal Government and other sponsors, costs are specifically unallowable under two general conditions:

(a) They are for an unallowable ACTIVITY (a function that is prohibited for reimbursement by federal regulations and typically recorded in a separate cost category or identified by the department), or

(b) They are for an unallowable TRANSACTION (something you buy, a line item general ledger code that is recorded in a cost category that is otherwise unallowable).

2.2.3 Some Unallowable Activities Include:

■ Alumni Activities
■ Organized fundraising
■ Lobbying
■ Commencement and Convocation
■ General public relations and alumni activities
■ Student activities, e.g., intramural activities, clubs
■ Managing investments solely to enhance income
■ Prosecuting claims against the Federal Government
■ Defending or prosecuting certain criminal, civil, or administrative proceedings
■ Housing and personal living expenses of university officers
■ Selling or marketing of goods and services (does not include selling goods or services internal to the University by its service centers)

All expenses in support of these activities are unallowable for federal reimbursement. Unallowable activities are generally recorded in separate cost categories specifically designed for these purposes. The Federal Government will not reimburse the University for these costs. However, these activities may be entirely appropriate and permissible university activities. In fact, many are necessary to the University's survival.

2.2.4 Unallowable Transactions

In addition to the unallowable activities described above, certain costs are always unallowable, regardless of the activity they support. These "expressly unallowable" costs are listed in OMB Circular A-21. These costs are identified as unallowable by general ledger expense codes designed to segregate these costs from allowable costs. Expenses which are unallowable for federal reimbursement include the following:

■ Advertising (only certain types are allowable)
■ Alcoholic beverages
■ Entertainment
■ Fundraising or lobbying costs
■ Memorabilia or promotional materials
■ Relocation costs if an employee resigns within 12 months.
■ Certain recruitment costs, e.g., color advertising
■ Certain travel costs, e.g., first-class travel
■ Cash donations to other parties, such as donations to other universities.
■ Interest payments, except certain interest, specifically coded as paid to outside parties and authorized by the Vice President for Finance and Administration.
■ Membership in a civic, community or social organizations, or dining or country clubs (seldom reimbursable by UAH)
■ Goods or services for the personal use of employees, including automobiles
■ Insurance against defects in UAH's materials or workmanship

NOTE: Costs that are unallowable for federal reimbursement purposes may be allowable as a direct cost on a non-federal project (i.e., cost-share) with the explicit written approval of the sponsor.

It is crucial to code and categorizes expenses correctly to comply with UAH's obligation to the Federal Government for both direct and F&A (indirect) cost recovery. The University's ability to obtain federal grants and contracts is depended upon its performance in meeting federal requirements.

The distinction between allowable and unallowable costs must be understood whenever university expenses are recorded. The integrity of the University's financial system depends on the knowledge and skill of each of the individuals who process hundreds of daily financial transactions.

In many cases, the issue of determining whether a particular cost is allowable or unallowable is a complicated matter. When in doubt, consult C&GA or your OSP contract administrator/coordinator.

2.3 Terms and Conditions of a Sponsored Project

Unallowable costs may also be identified in the specific terms and conditions of a sponsored project. These can be more specific than those outlined in 2 CFR Part 200, Subpart E.

For example, if a sponsor specifies that international travel costs cannot be charged to a particular project, then those costs may NOT be charged to that project, even though UAH and federal regulations may allow them.

Example A
Costs unallowable for reimbursement by UAH and the Federal Government:
● A Senior Research Associate purchases a leather briefcase and would like to use university funds to pay for the item. The briefcase costs $400. **Explanation:** The cost is not reasonable. It is not necessary for the performance of the person's job and is not permitted by

university policy because it is a personal item. It must be paid for by the individual.

Example B
Costs unallowable for reimbursement from the federal Government but allowable for reimbursement by UAH.

● A faculty member is retiring from UAH after 35 years of service to the University. A party is given in their honor. **Explanation:** Although this is something the Federal Government would not pay for as a direct or F&A (indirect) cost, it may be an appropriate institutional expense. The expenditure must be classified in a general ledger account type designated unallowable for reimbursement by the Federal Government.

Example C
Costs unallowable for reimbursement by the sponsor but allowable for reimbursement by UAH.

● Your grant explicitly states NO TRAVEL OUTSIDE OF ALABAMA. You would like to travel outside the state to present a paper about your research. **Explanation:** The expense is **unallowable** as a direct charge to the sponsor per the award terms and conditions. If you do travel for this purpose, the expense must be charged to a source where the travel is Allowable, Allocable, and Reasonable.

2.4 Cost Accounting Standards

UAH is required to describe to its federal auditors' practices that the University employs in seeking reimbursement of costs associated with its sponsored projects to comply with Federal Cost Accounting Standards (CAS) included in 2 CFR Part 200. The four standards required of

institutions of higher education are the following:

2.4.1 Consistency in estimating, accumulating, and reporting costs: The purpose of this standard is to ensure that each educational institution's practices used in estimating costs for a proposal are consistent with cost accounting practices used by the educational institution in accumulating and reporting costs.

2.4.2 Consistency in allocating costs incurred for the same purpose: The purpose of this standard is to require that each type of cost is allocated only once and on only one basis to any sponsored agreement or other cost objectives. The objective of this standard is to ensure that costs that are charged to sponsored agreements are either a direct or indirect cost.

2.4.3 Accounting for unallowable costs: The purpose of this standard is to facilitate the negotiation, audit, administration, and settlement of sponsored agreements by establishing guidelines covering:

(a) the identification of costs specifically described as unallowable; and

(b) to ensure that unallowable costs are not charged to sponsors.

2.4.4 Accounting period: The purpose of this standard is to provide criteria for the selection of the time periods to be used as cost accounting periods for sponsored agreement cost estimating, accumulating, and reporting.

- Unallowable by UAH [see Example A]	- Allowable by UAH - Unallowable for reimbursement by the Federal Government [see Example B]	- Allowable by UAH - Unallowable by Sponsor [see Example C]
Institute expenses that are ■ NOT reasonable ■ NOT necessary ■ NOT allocable ■ NOT permitted by University policy	Institute expenses that are allowable by UAH, **but** are **unallowable** federal reimbursement ■ Reasonable ■ Necessary ■ Allocable ■ Permitted by university policy	Expenses that do not conform to the sponsor's terms and conditions and 2 CFR Part 200 (if applicable), or are ■ NOT reasonable ■ NOT necessary ■ NOT allocable
These expenses **will not** be paid for by UAH. If incurred, they must be paid for by the individual.	These expenses ■ can be paid for by UAH ■ must be coded as unallowable	These expenses will not be paid for by the sponsor UAH may pay for these expenses, code as appropriate.

Figure 2.2: Unallowable Costs Can Be

2.5 Project Workflow

A sponsored project is composed of a number of individual activities or steps:
- Identifying the opportunity
- Preparing the proposal
- Reviewing and submitting the proposal
- Negotiating the award
- Establishing the account in the BANNER
- Expending funds to carry out the activities for which the award was made
- Reporting and close-out
- Audit

Each of these activities is discussed in detail, but the basic workflow is presented here:

2.6 Identifying Funding Opportunities

Generally, a PI is aware of funding sources for their research but needs access to the appropriate application forms. Office of Proposal Development (OPD) publishes a "**Weekly Funding Bulletin.**"
In addition, OPD has links to various external funding search engines.

Individuals may search for funding opportunities by clicking on the particular sponsor's website and search within that agency. Federal agencies are required to post their Notice of Research Opportunity in some format, generally as a web announcement in Grants.gov.

2.7 What is a Proposal?

A proposal is a detailed request for funding prepared per the sponsor's instruction. A proposal must comply with UAH policies, as well as sponsor policies. The proposal, when submitted, becomes an official offer and a record of what was promised by UAH to a sponsor. The PI is responsible for preparing the proposal but normally does so in conjunction with the administrator. A proposal must contain, as a minimum, three components:

2.7.1. The Kuali Summary/Submit document with all approvals (*formerly called Internal Coordination Sheet (ICS)*). This form is for UAH use only and includes the following:
- Key information about the project, including the budget total and committed cost share;
- Sponsor deadline;
- Confirmation that the proposal has been reviewed and approved per appropriate procedures; and
- Required certification by the PI, Co-I, and key personnel.

2.7.2. Statement of Work (SOW): The

SOW is the "what" and "why" of the project. Why should the work be done? It also contains the "how," "where," "when," and "who" of the project. What is the plan of action? How will the work be done? Where will the work be done? Who will do the work?

2.7.3. Budget: The budget is the financial expression of the project and must include the following:
- Estimated costs for the entire project period broken into "Direct" and "F&A" costs.
- Justification for all costs, and especially administrative charges, when applicable.
- Separate budgets for all collaborating institutions or entities (Subcontracts).

Often the budget is the most confusing portion of the proposal to prepare. The budget should include all direct costs and the applicable F&A costs required to carry out the activity. Usually, budget categories include the following:
- Personnel costs (PI, research professionals, graduate students (GRA) and undergraduate students
- Fringe benefits, GRA Tuition, and health insurance
- Equipment
- Materials and supplies
- Travel
- Meeting expenses
- Subawards/Consultant/Vendors
- F&A cost

The budget must also differentiate those direct costs that are subject to F&A costs and those that are not. Since F&A costs are applied to the modified total direct cost (MTDC) base, the non-F&A bearing costs in the budget must be identified so that project F&A can be calculated. Non-F&A "modifiers" include tuition, capital expenditures, equipment, and sub-award over $25,000.

Note: UAH will not waive or reduce the F&A costs on any sponsored research project unless otherwise required by the sponsor, or approved by the Office of The Vice President for Research and Economic Development (OVPRED). See

UAH Policy 07.02.07 Indirect Cost Waiver.

The difference between the current negotiated F&A rate that UAH charges to a research project, and the rate that the project's sponsor allows, is referred to as under recovered. For example, UAH's FY2019 F&A rate is 48%, and a sponsor agrees to pay only 30%, there is an 18% unrecovered of full F&A. (see current unrecovered F&A Dashboard located in *myUAH*.)

2.7.4 Reviewing and Submitting the Proposal:

Proposals are submitted by the OSP and not by individual PIs. The Kuali Summary and Submit document are used to identify key elements of the proposal and to secure approvals before the proposal is submitted. PIs should allow adequate time for proposal review. Note that OSP requires five working days before the agency due date, to provide a full and comprehensive proposal review. In addition, in the review process, special approvals and requirements may be necessary. For example, Responsible Conduct of Research (RCR) training, and financial conflict of interest disclosures, agency forms such as certifications of compliance with federal laws and statutes, to name a few. A key element in proposal submission is whether or not the sponsor requires a paper or electronic proposal. It is becoming far more common for institutions to submit electronic proposals, and sufficient time to prepare a proposal according to individual agency electronic guidelines is critical. Information on Preparing and Submitting a Proposal is located on the OSP Website.

2.7.5 Negotiating the Award

OSP negotiates awards on behalf of UAH. PIs are not authorized to negotiate on behalf of UAH, or sign sponsored agreements. In negotiating awards, OSP ensures that the terms and conditions are appropriate for UAH and do not compromise the fundamental policies of the University. In certain, but very rare circumstances, the University may not be able to negotiate acceptable terms, and the award is refused.

2.7.6 Establishing the account in UAH's accounting system (BANNER)

Accounting services are provided via the C&GA Office using BANNER. Sponsored project awards are entered into BANNER by C&GA generally within three to five working days of the receipt of the award notification from OSP. OSP provides award information to C&GA daily.

2.7.7 Expending funds to carry out the activities for which the award was made.

The PI is responsible for the appropriate expenditure of funds, even when they delegate that responsibility to others. At UAH, a primary responsibility of the Resource Manager or Budget Analyst is helping the PI determine which costs are allowable, reasonable, and per the project budget, and which are not. It is important to recognize that the final responsibility, however, remains with the PI.

2.7.8 Reporting and close-out

OSP eRA system includes information about project reporting and close-out requirements. Responsibilities for submitting documents to meet award terms and conditions are split at UAH, although ultimately, the PI has the responsibility for timely submission. Depending upon the type of award (grant, cooperative agreement,

contract, other transaction), reports are due regularly during the life of the award (generally within 90 days of the final expiration date for all final documents). This information will be added to the eRA system and the Award Distribution Sheet. There are generally four types of reports, and the responsibility for preparing those reports, along with the formal submission schedule at UAH, is described in Figure 2.2. The PI will receive an email notification, sixty (60) days before the report(s) due date. NOTE: PI repeated failure to submit required reports on time will result in **all active** sponsored project accounts being frozen until the required report is submitted.

2.8 Life Cycle of a Project

At UAH, the PI has overall responsibility for the technical and fiscal management of a sponsored project. This includes the management of the project within funding limitations, and assurance that the sponsor will be notified when significant conditions related to the project status change.

This section addresses specific responsibilities involving the financial management of sponsored projects. Again, while responsibility for the day-to-day management of project finances may be delegated to administrative or other staff, accountability for compliance with UAH policy and sponsored requirements rests with the PI. The life cycle of a project is depicted in Figure 2.3 below.

2.9 Preparation and Submission of the Proposal

The PI carries primary responsibility for the preparation of a proposal to an outside sponsor. At UAH, the technical proposal is prepared by the PI, often with the help of other research personnel in the PI's center or department. In the Research Centers, the budget and administrative details of the proposals are generally handled by the Resource Manager. In the academic departments, budget and administrative details of the proposals are typically handled by the Contract and Grant Administrator. In all cases, however, the PI, who certifies to the accuracy of the proposal is the responsible party. The questions that comprise the basics of proposal preparation and review (see online resource noted in Appendix) is OSP's primer on preparation and submission of the proposal. Attention is drawn specifically to the following sections:

(a) What are the common components of the proposal?

(b) What certifications from UAH are required on proposals?

(c) What issues should be considered when preparing the proposal budget?

(d) Is cost-sharing/matching required for the proposal?

(e) What is UAH's internal routing and review process?

(f) What UAH forms are used in the routing and review process?

(g) What special reviews may be necessary?

(h) Does the sponsor require electronic proposal submission?

(i) What are UAH's procedures for review and resubmission of proposals?

2.10 Proposal Budgeting

When preparing the proposal budget for sponsored projects, the PI assures UAH and the potential sponsor that project finances are represented as accurately as possible. In addition, specific requirements, including cost principles as defined by the Federal Government in 2 CFR Part 200, must be adhered to during the proposal stage, as well as when funds are expended. Actual project expenditures must be consistent with

the budget approved by the sponsor. NOTE: The Office of the Inspector General (OIG) for the various federal agencies, (e.g., NIH, NSF, DOD, NASA, etc.) states a technical director of the sponsoring agency may not at any time authorize a PI to propose or charge costs that are otherwise unallowable per UAH's Cost Policy and 2 CFR Part 200, Subpart E.

Figure 2.3: Life Cycle of a Project
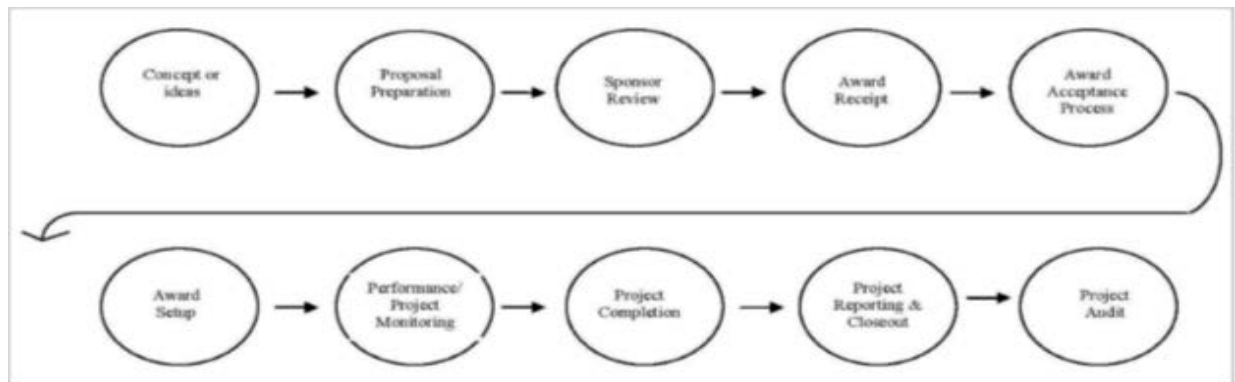
2.10.1. Allowability
Proposals should not include expenses that the federal government (2 CFR Part 200, or other regulations), or the sponsor has identified as unallowable. Similarly, expenses which are normally to be considered as F&A (indirect) expenses, e.g., administrative and clerical salaries, may not be proposed and budgeted as direct expenses, unless they meet the criteria identified in UAH Cost Accounting Standards, and written justification is included in the research proposal.

or paid by the University and treated as cost-sharing. **UAH requires a minimum of 1% effort for the PI during each project year.**

This requirement does *NOT* extend to:
- equipment grants
- dissertation support
- limited-purpose awards

characterized as Other Sponsored Activities, including, for example, travel grants, conference support, etc.

2.10.2. Commitment of Effort
Proposals should accurately represent the amount of time that key personnel is committing to the project. In preparing the proposals, PIs must be careful not to over-commit themselves or others. A commitment of effort must take into account the time required for teaching and service as well, when applicable.

Federal regulations require a commitment of some effort on the part of the PI during each project year. This effort may be expended during the academic year or summer and may be charged to the project UAH discourages faculty from identifying effort to a project during the academic year if no salary is to be charged. In some cases, the sponsor may require a specific commitment of effort even though salary is not requested by the PI if a GRA, undergraduate, and Post Doc is proposed.

Otherwise, a general statement that the PI will support the project during the academic year, but makes no explicit commitment of effort, should be included in the budget

justification, for example, *"UAH fully supports the academic year salaries of Professors, Associate Professors, and Assistant Professors, but makes no specific commitment of time or salary to this particular research project. "* (See UAH Policy on Cost Sharing.)

2.10.3. Cost-Sharing (2 CFR Part 200.306)

Proposed budgets should delineate the total committed cost of the project, identifying the amount requested from the sponsor, and other costs that UAH explicitly commits to pay. A commitment to use UAH resources to pay any portion of project costs that would otherwise be borne by the sponsor must be identified and tracked as cost-sharing. At the time such awards are finalized, PIs must assure that adequate funds are identified and separately budgeted to pay for the cost-sharing of expenses. A cost-share account is established, and the committed funds are placed in this account. Voluntary effort above and beyond what was committed does not have to be treated as cost-sharing and tracked in BANNER. This effort is considered to be "voluntary uncommitted cost-sharing" and is outside any effort that needs to be documented in BANNER. (See OMB Cost Sharing Guidance Document dated January 6, 2001).

2.10.4. Estimating Methods

When estimating project costs, methods must be consistent with UAH accounting practices and must allow expenditures to be accumulated and reported consistent with the estimates.

2.10.5. Budget Justification

UAH is required to treat types of expenses consistently as either direct or F&A (indirect) costs. If a proposed budget includes the direct expenditure of project funds for costs that would usually be charged indirectly, e.g., clerical and administrative expenses, general-purpose equipment (computers, laptops, software, etc.), or operations and maintenance (e.g., warranties on existing equipment), then those items must be supported in the proposal by an **explicit written** budget justification. Also, when administrative and clerical costs are proposed to a federal sponsor as a direct cost, the proposal must include an explanation of the activities and a justification which is consistent with the UG 2 CFR 200

2.11. Budget Preparation

The largest category of expense on any sponsored program budget is typically personnel expense. Care should be taken in budgeting personnel to use current salaries as a starting point, with an increase of standard increments for additional years of the proposed effort. Note: UAH increase is proposed based on the current escalation rate effective October 1 of each project year. Personnel effort is also the expense area most closely reviewed by sponsors and auditors. Particular attention should be paid to the following:

Faculty effort, when requested, should be separated into the academic year and summer effort. Note that when academic year effort is shown and not charged to the sponsor, this creates a cost-sharing obligation on the part of the PI and the department or college (see UAH Policy on Effort Reporting and the UAH Cost Sharing Policy for further information). A commitment of academic year effort to a project must be done via the department's course buy-out policy. Center Director, Department Chairs, and Deans **cannot** charge 100% effort to a sponsored project.

Employee Benefit and Vacation Accrual Costs. UAH's policy states all research staff and eligible faculty paid absences are paid from an accrual leave account and not directly charged to the research award. Therefore, all proposal's budgets will include all applicable paid absences (Annual, Sick, Personal, and Holiday leave) at a rate determined by The Office of Budgets and Management Information.

Research faculty and staff accrual leave at different rates based on position and number of years employed; this is referred to as Productive Work Hours (PWH). (see link for Productive Work Hours in the Appendix). Nine (9) month faculty do not accrual paid absences.

2.11.1. Subaward

A Subaward is the term used when UAH issues an award to an external entity to help carry out the technical and scientific aspects of a project awarded to UAH. Subaward issued to university/college/school, or a non-profit organization is calculated with only the first $25K of the Subaward subject to the assessment of UAH F&A costs. F&A on Consultants and Vendors will be calculated on the total proposed cost. The proposed sub awardee, however, includes its total costs (Direct Costs + F&A) in its submission to UAH for inclusion in the UAH proposal. (See link for Subaward in the Appendix) It is important to recognize that the sub awardee must submit a full proposal to UAH, which includes the signature of the awardee's authorized institutional official.

2.11.2. Service/Recharge Centers

Service/Recharge Centers allocation rates are approved annually by the Assistant Vice President for Finance and Budget. In this system, specific labs have University approved rates that are used when proposing service center support.

2.11.3. Direct Costs

Direct costs are expenses that can be identified specifically with a particular sponsored project or other direct cost objectives, such as instruction, and can be directly assigned to such activities easily with a high degree of accuracy. **Example: cost of materials required for the performance of a project.**

2.11.4. Facilities and Administrative (F&A) Costs

F&A costs are those that are incurred for common or joint objectives and, therefore, cannot be identified readily with a particular sponsored project. F&A costs are sometimes called indirect (IDC) or overhead costs. F&A costs are recovered from sponsors at a rate applied to grants and contracts. Click the link for current and proposed future rates for F&A. Costs that are similar in purpose and circumstance as the costs included in the F&A rate should not be budgeted as a direct cost. You should contact your OSP administrator for more information. **Example: costs of building or utilities.**

2.12 Project Expenditures

2.12.1. Authorization of Direct Charges

To authorize the expenditure of funds to be charged directly to sponsored projects, the originating unit must assure that:

    (a) The estimated charge is reasonable and necessary for the performance of the project.

    (b) The expenditure is allowable by the sponsor, 2 CFR Part 200, and UAH Cost Policy.

    (c) The expenditure is allocable to the project, i.e., provides benefit to the project, and is incurred within the period of performance.

(d) The funds are available within the authorized award amount and funding limitations.

(e) The justification for expenditure is documented, including the relationship of the expenditure to the project.

(f) The method for distribution of costs is appropriate and documented.

(g) The charge is coded with the correct General Ledger account code and charged to the right award.

(h) The charge has been processed through the appropriate university offices, where applicable.

2.12.2. Review of Project Expenditures

Monthly BANNER Account Financial Summary Statements are the official record of project expenses and the basis for cost reimbursements from the sponsor to UAH. BANNER Summary Statements for sponsored projects (including cost-sharing accounts) must be reviewed each month by a knowledgeable individual– i.e., PI or designee, so that adjustments can be made promptly, and that rates of expenditures can be monitored to assure the availability of funds.

Any questionable charges must be brought promptly to Contracts &Grants Accounting (CG&A) attention, and if needed, corrected by an appropriate transfer. Transfers should be initiated as soon as possible after a need has been identified. Whenever expenses are moved to or between sponsored accounts, the PI must assure that the project which ultimately pays the expense is the project which benefited from that expense and that there is adequate documentation to support the appropriateness of the transaction. These transfers must be processed promptly, per established university policy. See Section 7 on cost transfers.

2.12.3. Substantiation and Verification of Project Expenditures

Adequate explanation and documentation for all project charges must be maintained for seven (7) years after the receipt of the final payment. Where documentation and justification cannot be provided to confirm the allowability, allocability, and reasonableness of any project expense, the sponsor may deny reimbursement, or the expense may be questioned during the audit.

In this case, the PI, department, center, or college will be expected to cover the expense from unrestricted sources. Each unit must maintain a system to retain support documentation for expenditures where they are the office of record. Difficulties regarding the timely certification of expenditures should be discussed with C&GA.

2.12.4. Charging Salary to Projects

Salary being charged to sponsored projects and committed cost sharing must be supported by documentation of corresponding appropriate level of effort. Appropriate certification with required documentation is a requirement.

2.12.5. Charging of Paid Absences to Projects

Direct charging of paid absences to **the** sponsored project is not allowable. UAH accrues for paid absences. When a staff member uses leave, or terminate their employee, the cost of the leave is charged to the leave accrual account.

2.12.6. Business Interruption Insurance (BII)

Certain employee groups at UAH qualify for administrative, jury duty, bereavement leave, and military leave. Employees budgeted on state accounts (ledger-2), departmental accounts (ledger-3), auxiliary

accounts (ledger-4), are not impacted by this program. Business Interruption Insurance (BII) is primarily established to benefit employees charging to externally funded contracts and grants (ledger-5) accounts. Generally, the University is not allowed to bill the Federal Government or other external agencies for administrative leave, jury duty, bereavement leave, or military leave is taken by ledger-5 employees. It is the general practice at the University to pay full salary to ledger-5 employees who have been granted administrative leave, jury duty, bereavement leave, or military leave.

Other options that the University considers but does not implement includes asking those employees to take annual or personal leave, or if leave is not available, a furlough, or work from home. Since no recurring budget is established for these ledger-5 employees, the research centers and the colleges typically use existing fund balances to support these payrolls. The research centers and the colleges incurred extraordinarily high costs in 2010 and 2011 because the University closed for many days. Administrative leave is granted to all University employees who are calendar year employees when the President (or his designee) declares the University closed due to severe weather or other extraordinarily events.

UAH budgets fringe benefits for research and grant proposals submitted. The fringe benefits pool includes FICA/Medicare, Retirement, Disability Insurance, Tuition Remission, TIAA/CREF, Unemployment Insurance, Life Insurance, Health Insurance, and Business Interrupted Insurance. Approximately 2.5 % of the current fringe benefit rate is earmarked for BII. (See Business Interruption Insurance Usage Policy.)

2.12.7. Charging Proposal Expenses to Ongoing Projects

Proposal preparation costs may not be charged to sponsored projects unless the proposal is being prepared for submission to a current sponsor for non-competing extension or continuation of its ongoing project. In those circumstances, it is appropriate to charge those proposal development costs directly to current projects. Costs for development of proposals for submission to other sponsors, or for work that is not a continuation of an existing project is not allocable to current projects and may not be charged to those projects.

2.12.8. Monitoring of Funds within Sponsor Funding Limitations

PIs are responsible for the ongoing fiscal management of sponsored projects, including regular monitoring against project period budgets. Federal regulations 2 CFR Part 200, Subpart B establishes the approved project budget as the financial expression of the project, and the sponsors may evaluate the project against the budget at any time. Although sponsors allow certain flexibilities concerning rebudgeting, unobligated balances, and pre-award costs, both UAH and sponsors expect expenditures to be consistent with the approved project and budget.

Some sponsors may question or restrict expenditures that appear inconsistent with the project plan and budget. PIs are obligated to request prior approval when budget and program plan revisions indicate a significant change in the budget (25%), in scope, change of PI, or other key person or the absence of the PI for more than three (3) months. Indicators of a change in scope can include, for example, rebudgeting over 25%, significant expenditures beyond the amount authorized on the award (utilizing next

year's funding authorization), or requests for additional funding.

UAH expects that projects will be managed within their established budgets. If, as a result of unusual circumstances or unanticipated project expenses, a risk memo must be processed. Accounts at risk will be in overrun status upon the expiration of the term of the sponsored project. If additional funds are not available from the sponsor, the unrestricted fund account (e.g., gift, endowment, state funds) will be used to cover the overrun.

Since charges to clear overruns reflect direct project costs, they must not be transferred to other projects or be incorporated into cost pools which lead to F&A (indirect) cost recovery. These dollars represent project costs being borne by UAH and, therefore, must be accounted for in the same manner as cost-sharing. The responsible unit must identify the source of funds to be used for the overrun to CG&A. The PI and ultimately, the college, center, or department is responsible for the timely clearance of any such unfunded expenditures from within its resources.

2.12.9. Project Close-out
The PI is responsible for overseeing the proper close-out of sponsored projects, including the timely submission of all required reports (including final technical reports and data needed by OSP and OTC to file the necessary patent/intellectual property reports). While central offices (OSP, CG&A, and OTC) prepare and submit final administrative reports, including financial and property reports, they do so based on documentation created by the PI, per **Figure 2.4**. The PI must assure that such documentation is accurate, adequate, and readily available. Also, some financial reports may require the PI's signature.

If final technical reports are to be completed after the project end date, and funds from the project are available to pay these expenses, a No-Cost Extension should be obtained before termination from the sponsor to cover the cost of producing and distributing those reports. If funds are not available from the project, then the PI or the responsible unit must identify unrestricted funds to pay the final report costs. Generally, a request for a No-Cost Extension must be processed 90 days before termination. NOTE: The PI's failure to submit required reports on time may result in **all active** sponsored project accounts being frozen until the required report is submitted.

2.13 Special Requirements Related to Sponsor Notifications and Prior Approvals
Communication with OSP is an integral part of project management. In all cases, required notifications or requests for prior approval of contract or grant actions, including those described in the section below, should be made in writing or via email to both the administrative and technical officials in the sponsoring agency. **Such requests must be coordinated through OSP. Download the [Expanded Authority Guideline (Prior Approval Matrix)](#).**

2.13.1 Communication-related to project and funding status: Separate regulatory requirements exist for notification to the sponsor in the case of federal contracts and grants. In all cases, such notification must be made on a timely basis, and in coordination with OSP, to allow sufficient time to arrange for and process additional funds; the reduction in spending and effort to phase out the program, in an orderly fashion if additional funds are not available. The PI is

informed in advance by CG&A of potential funding problems.

2.13.2. Financial status of federal cost-type contracts.
In the case of federal cost-type contracts (as opposed to grants), the PI must assure compliance with the Limitation of Funds and Limitation of Cost clauses which include the requirements that:
(a) The Contractor (C&GA) notify the sponsoring agency in writing at any time that there is reason to believe the total cost to the Government for the performance of the project will be higher or substantially less than the estimated cost, and further;
(b) The Contractor (C&GA) notify the sponsoring agency if, at any time, there is reason to believe that the costs which are expected to be incurred in the next succeeding 60 days, when added to all costs previously incurred, will exceed 75% of the amount allotted to date under the contract. Failure to provide such notice may preclude UAH from receiving additional funding on that contract.

2.13.3. Project and financial status of federal grants.
2 CFR Part 200, Subpart B lists administrative requirements for federal grants and establishes that prior written approval by the sponsor is necessary for the following circumstances:
     (a) Change in the scope or the objective of the project or program (even if there is no associated budget revision.
     (b) Change in a key person specified in the proposal or award document (see discussion of changes in PI status below).
     (c) Need for additional federal funding.
     (d) Transfer of funds allotted for training allowances (participant support) to other categories of expense.

Prior written approval must be requested of granting agencies, when either a significantly accelerated rate of project expenditures, or expenditures that are significantly behind budget projections, indicates that the scope of the project has been changed. Also, the specific award notice or the agency's policy manual or administrative guidelines may establish requirements for communication with the sponsor during the project.

2.13.4. Changes in PI status
Sponsors often have requirements regarding notification or prior approval of changes in the availability of the PI.

For federal contracts and non-federal projects, the terms and conditions of the particular agreement will govern.

For federal grants, 2 CFR 200, Subpart B requires prior written approval from the awarding agency for either of the following circumstances involving the PI or approved project director:
     (a) A reduction in time devoted to the project of 25% or more from the proposed and awarded level.
     (b) An absence from the project for more than three (3) months.
     (c) Sabbatical Leave for PI and key personnel.

While 2 CFR 200, Subpart B provides general terms and conditions related to PI absences, some federal awards require sponsor notification and prior approval for PI absences of greater than 30 days. The PI and their administrator should review each notice of award for special terms and conditions.

The PI and support staff should contact OSP to coordinate securing required approvals in either of the circumstances above. If in the

original award, UAH had committed to fund some of the PI's effort as cost-sharing and the PI reduces the overall committed level on the project, OSP will also negotiate reductions in levels of the cost-shared component of the effort, as appropriate. However, it is the PI's responsibility to notify OSP of sabbatical leave or leave more than 30 days from the project. Also, when a PI's faculty appointment terminates before or during a project's period of performance, the PI and the PI's immediate supervisor must inform OSP to initiate contact with the sponsor. Questions about these sponsor notifications should be directed to the Typically a written request to transfer the award is made, and the new institution submits a subsequent revised proposal (i.e., budget request and justification). Occasionally, the VPR may determine that

appropriate OSP representative for your center or college.

2.13.5. Transferring an award: Change in Institution/Principal Investigator (PI)
Sponsor notification and prior approval are required when a PI moves from one institution to another. In many instances, the sponsor will approve a transfer of the award. **OVPR approval is required to transfer an award(s).** When a unit anticipates the transfer of an award (either to or from a UAH PI), they should consult with their OSP representative for guidance in requesting approval from the sponsor. for the success of the project, the work must take place at the original institution. When that occurs, it may be possible for the work to continue under the direction of a different PI, with sponsor approval. ∎

Figure 2.4 Formal Submission Schedule for Reports

Type of Report	Submitted By	Typical Submission Dates During Award Period			Final Reports
		Grant	Coop. Agree.	Contract	
Technical (Progress)	PI	Annually	Quarterly	Monthly	Within 90 days
Fiscal (Financial)	C&GA	Quarterly	Quarterly	Monthly	Within 90 days
Property (Equipment)	OSP	Annually	Quarterly	Quarterly	Within 90 days
Intellectual Property (Invention)	OSP or OTC based on information provided by the PI	Annually	Annually	Annually	Within 90 days

Chapter 3. The UAH PI Reference Guide

Introduction

Accepting outside funding to conduct research in the name of The Board of Trustees of The University of Alabama, for and on behalf of The University of Alabama in Huntsville (UAH), carries public and professional responsibilities. The University researchers and support staff must understand and adheres to University policies and procedures regarding sponsored project activity.

What?

This chapter intends to provide an overview of information concerning UAH's policies and procedures for sponsored research proposal preparation and submission as well as post-award contract and grant administration.

Who?

The primary users of this handbook are UAH Principal Investigators (PI), other research personnel, and the employees who provide administrative assistance and support to the research effort.

When?

Any individual contemplating a first-time proposal to request sponsored project funding should read this chapter before initiating the proposal process. Any individual engaged in sponsored project activity at UAH as procedural questions arise should contact their OSP administrator.

Why?

Proposing and accepting an award under the auspices of UAH carries responsibilities. The University, the PI, other University employees involved in the research, and research support effort share these responsibilities. The employees are expected to conduct the research professionally and charge the funding agency in accordance with all relevant agency, Federal, State, and University rules and regulations.

A proposal submitted in the name of UAH must be internally reviewed to ensure that it meets the standards of the University and adheres to agency guidelines. An official proposal must be signed by a University official who is authorized by the Board of Trustees of the University of Alabama to commit the University. Awards received by UAH will be reviewed to ensure that the terms and conditions are acceptable to UAH as an entity of the State of Alabama.

3.1 What is a Sponsored Project or Funded Research?

Most grants, contracts, cooperative agreements, and other agreements from sources outside the university are considered "sponsored projects" or "funded research."

If a project meets any of the following criteria, it is considered a sponsored project, and should be coordinated through the Office of Sponsored Programs (OSP):

a. A specific statement of work bounds UAH;
b. Invoices, separate accounts or reports of expenditures are required;
c. Unexpended funds must be returned to the sponsor at the project end;
d. The funds are accompanied by an agreement with specific terms and conditions.

Other indicators of a sponsored project might be:

a. the project has a specific period of performance;
b. A report or some other "deliverable" is required.

Donations or gifts to the University which do not have any of the above criteria associated with the transaction should be coordinated through the Office of University Advancement. When in doubt, the sponsoring agency should be contacted for clarification of their intent.

3.2 Responsibility for Sponsored Project Administration

Although the sponsored project award is based on the PI's experience and expertise, always remember that **the award is a legal agreement made to the University for a specific purpose.** The PI must bear in mind that they are using University (public) resources to conduct the project. The key figures in the sponsored project process and their responsibilities are:

(a) Principal Investigator/Project Director (PI) is the person responsible for conducting the proposed project as contractually agreed by the University. This includes expending funds within the guidelines of the sponsoring agency and delivering required reports on time. In most cases, a PI must be a full-time University employee.

(b) Vice President for Research and Economic Development (OVPRED) is the chief research officer of the University and, under the supervision of the President, provides overall executive leadership and coordination in the support and documentation of research in the academic departments and research units of the University. The OVPRED is responsible for oversight of all sponsored programs in the University and the management of resources and services required for the research operations. The OVPRED is responsible for the Research Centers, Offices of Sponsored Programs (Research Information Systems), Contracts and Grants Accounting, Office of

Proposal Development, Technology and Commercialization, Research Security, and Office of Environmental and Health Safety.

(c) Provost/Executive Vice President, Academic Affairs, is responsible for the review and approval of any proposed sponsored effort involving academic courses at the University.

(d) Vice President for Finance and Administration is responsible for many of the offices on campus that serve the research effort, including the Offices of Finance and Budgets, Accounts Payable, Human Resources, Business Services (Purchasing and Central Receiving).

The proposal/award process is divided into two phases: pre-award (proposal preparation through negotiation) and post-award (execution of the award document through contract/grant closeout.)

3.3 Pre-Award
3.3.1 What is a proposal?

A proposal is a request for support, usually financial. The simplest proposal consists of a cost estimate. Typically, proposals have at least two sections— technical and financial. More involved proposals might have a separate management section. The technical section is a description of work to be performed, including proposed goals or accomplishments, the items to be delivered to the agency ("deliverables"), and project milestones. The financial section is a calculated estimate of the required financial resources to accomplish the proposed goals. The two most basic proposal types are "solicited" and "unsolicited." A **solicited proposal** is submitted to a funding agency in response to an agency-issued request for proposal (RFP), request for quote (RFQ), or a program announcement. Solicited

proposals generally have firm submission deadlines and require adherence to specific technical, management, and cost guidelines.

An **unsolicited proposal** results when a researcher develops an idea and formally requests funding to support the effort. Although an unsolicited proposal is not submitted in response to an agency funding announcement, many agencies (NSF, NIH, NASA, DoE, etc.) do have specific format and submission guidelines for unsolicited proposals.

A **renewal proposal** requests continued funding of an existing project, which is nearing its funding limit. In most cases, this proposal is similar in content to the initial proposal and includes a full technical or cost section. These proposals are often considered competitive by the funding agency.

A **continuation proposal** is usually non-competitive and is a request for the next year's funding under a multi-year award. In most cases, a continuation proposal consists of a budget (usually the original budget for that project year with the rates updated), a progress report, and a brief statement of the next year's intended research.

A **revised proposal** is submitted as the result of funding agency-university negotiation. Most agencies require a revised budget to reflect the final negotiated funding agreement. If the negotiated cost difference is ±10% of the original budget, it will be necessary to obtain UAH internal approvals again.

3.3.2 Proposal Approvals
The PI(PI), Co-investigator, Department Chairman (if proposed by a member of an academic department), Dean or Center

Director, and the Director of the Office of Sponsored Programs must approve all university proposals. Proposals with more involved cost or technical issues such as human subjects or animals, cost-sharing requests, or security requirements will require additional approvals. The PI and key personnel should understand the requirements of the University's Proposal Approval and Submission Process" for Contracts and Grants proposals and should ensure that there is adequate time for each signer to review the complete proposal before signing.

3.3.3 How to Submit a Proposal
Proposals are a team effort with each member contributing expertise to ensure a successful submission resulting in a contract/grant award. The PI contributes technical knowledge, expertise, and management planning to the proposal and provides the Administrator with sufficient budget information for preparation of the budget in the standard university formats. The Administrator contributes knowledge of the agency regulations as well as University policy and is the primary point of contact for coordinating the various pre-proposal activities. As with any team, each member has specific roles and responsibilities.

3.3.4 Principal Investigator
Notify the Administrator as soon as you decide to submit a proposal and provide a copy of the link to the agency solicitation, if applicable. Coordinate your proposal with your Chairman or Dean/Director before the proposal signature date. Cross-organizational commitments, fiscal responsibility, and cost-sharing issues must be resolved before finalizing the proposal.

(a) Provide the basis for the budget estimate to the Administrator. Obtain vendor or

catalog quotes for equipment items and proposals or letters of collaboration from proposed subcontractors or consultants. If cost-sharing from a source outside the University is proposed, a letter of commitment from the cost-sharing source must be obtained.

(b) Prepare the technical and management sections of the proposal. Consult agency guidelines for format and page limits, and ensure all required elements have been addressed. Check the draft budget and convey any changes to the Administrator.

(c) Approve the final budget and provide a final technical proposal and other proposal elements to the Administrator for assembly of the complete proposal approval package. The final proposal package, including a **draft** of the technical portion, is due five working days prior to the sponsor's due date. The Final technical is due no later than noon the day before the sponsor's submission deadline. **Note: OSP cannot guarantee compliance if proposal documents are received after the five (5) working days rule.** See Preparing and Submitting a Proposal for additional instructions.

(d) Oversee approval signature routing through the Dean/Director level and be available to answer questions that the signatories might have concerning your proposal.

(e) Inform the Administrator if copies in addition to the usual courtesy copy are required.

3.3.5 PI Eligibility

Any individual per UAH PI(PI) eligibility Policy No. 07.02.02 who holds one of the following positions can be identified as a PI and submit proposals to external sponsors:

(a) Tenure-track faculty (full, associate, and assistant professors)
(b) Non-tenure track research faculty (full,

associate, and assistant professors)
(c) Non-tenure track clinical faculty (full, associate, and assistant professors)
(d) Instructors
(e) Adjunct faculty
(f) Emeritus faculty
(g) Senior Research Investigators
(h) Librarians
(i) Curators

On a case-by-case basis, an individual who holds one of the following positions can be identified as a PI upon approval from the Vice President for Research and Economic Development:

(a) Visiting faculty
(b) Visiting scholars
(c) Lecturers

In general, research associates may not serve as PIs but may seek approval from the Vice President for Research and Economic Development. Postdoctoral fellows and research assistants (graduate students) may not serve as PIs.

3.3.6. Administrator

(a) Obtain a database proposal number and open a file.

(b) Obtain and review the agency solicitation guidelines and notify the PI of any issues (Proposal Checklist) that might require special attention.

(c) Provide advice on UAH policy if requested or required.

(d) Interface regularly (if time permits) with the PI to ensure they understand the budget requirements.

(e) Prepare the budget per University policy and agency guidelines.

(f) Convert the final, approved budget to agency budget forms and format when required.

(g) Prepare other forms and certifications as needed and assemble the full proposal approval package.

(h) Prepare and release electronic proposal Internal Coordination Sheet, transmittal letter, and, if necessary, shipping package.
(i) Ensures the PI fully understands the implications of the fiscally responsible campus unit. Track the progress of the proposal as it routes through the signature approval cycle.
(j) Obtain the final approval signatures, reproduce the required number of copies and ship proposal (if hard copy submission is required). For electronic submission, ensure that electronic submission is on time and make internal distribution copies to the PI.
(k) Confirm proposal acceptance and update proposal information in the Office of Sponsored Programs database.

3.3.7. Internal Coordination of Your Proposal

The proposal preparation period is the time to coordinate the project objectives and needs with your Chairman/Dean or Center Director. They can provide guidance and concurrence during the planning process. Laboratory space, use of equipment or recharge centers, additional personnel, release time, and cost-sharing (both in-kind and cash) are all matters that require thoughtful planning and agreement. Kuali is our official eRA system for proposal routing and approvals before submission. The following individuals are required to review and approve the proposal before it is submitted to the sponsor:
(a) PI(PI) certifies that they are responsible for this proposal and will ethically conduct the research activities, as stated in the proposal. All PIs must complete at a minimum, Export Control training/certification, A Financial Disclosure/COI Certification, and Responsible Conduct of Research (RCR) training/certification.

(b) Co-Investigator (Co-I) is a second UAH individual acting in a major contribution capacity. They should sign in the space indicated. If a named co-investigator is not a UAH employee, UAH requires certain documents from the Co-Investigator's institution. The individual will NOT be listed as a co-investigator on the proposal if we do not have these documents. All Co-Investigator's must complete at a minimum, Export Control training/certification, COI, and Responsible Conduct of Research (RCR) training/ certification.
(c) Department Chair (if PI holds an academic appointment) reviews the proposal for technical soundness and compatibility with the Department's plans. They also review and approve faculty time allocation and cost-sharing requests.
(d) College Dean/Research Center Director determines if the proposed task, period of performance, and estimated costs are reasonable when considered for technical relevance and the plans and programs of the University.
(e) Provost/Vice President for Academic Affairs reviews and approves any proposal requesting funding for the development of academic courses or programs involving teaching. Also, any academic department or college committing cost-sharing funds must coordinate with the Provost/Vice President for Academic Affairs.
(f) Vice President for Research and Economic Development reviews technical and cost proposals for a determination of technical soundness and compatibility with the University's research program goals. Also, Approves all waivers and or reduction of F&A as well as Fabricated Equipment Request.
(g) Director of Office of Sponsored Programs certifies that the proposal conforms to the University and funding

agency policies for contract/grant administration. The Director of Office of Sponsored Programs is authorized by the Board of Trustees of the University of Alabama System to commit the University in regards to sponsored research/services activities. Neither the PI, Dean, Center Director nor Department Chair, have the authority to commit the University's resources under sponsored research officially.

The PI's signature indicates agreement with and acceptance of the terms of the various funding agency-required compliance certifications. For each applicable certification checked, the signatories also agree to abide by the terms of the certificate (s).

3.3.8. Cost Sharing Commitment
In certain circumstances, cost-sharing may be required by the funding agency. The PI will need to identify the category of funding committed (salaries, supplies, etc.) the amount committed and the source of the commitment (start-up, departmental, or other funds). In the case of faculty, it is the policy of the OVPRED to consider cost-sharing for a proposal once the faculty have used the state-provided research salary line allocated in the department budget.

The cost-sharing commitment section of the Routing form in Kuali is used when University resources are committed for a particular proposed effort. The category of funding committed (salaries, supplies, etc.), the amount committed, and the source of the commitment should be documented. If cost-sharing resources (cash or in-kind) are coming from an off-campus source, a letter from the source documenting the category of funding committed, amount, and source should be obtained by the PI.

Cost-share is only allowed when specifically required by the sponsor. Cost-sharing may consist of salary, fringe benefits, and F&A. These costs are easily identifiable and documented. Cost-sharing over the amount required will be questioned and maybe reduced without proper explanation.

3.3.9. Definition of Cost Sharing and Matching
Cost-sharing is a phrase used to indicate that more than one sponsor will share in the costs associated with a project. The most common relationship is for an external sponsor to provide most of the funds and for the University to provide the remainder of the project funds. For example, The University will be required to cost-share 10% of the total project cost. If the total project cost is $100,000, $10,000 comes from the university, and $90,000 comes from the sponsor. However, **Matching** is a form of cost-sharing that generally defines a specific ratio of sponsor and University dollars. This type of cost-share is usually an eligibility requirement stated in the RFP (Request for Proposal) and is often provided from institutional resources. Cost-sharing and matching are nearly synonymous and are often used interchangeably. See 2 CFR Part 200, Subpart D 200.306 for additional guidance/clarification on cost-sharing or matching.

3.4 Proposal Format
Most, if not all, funding agencies have standard formats for proposal preparation and are provided in their solicitation or general proposal guidelines. These instructions should be read and followed carefully. For agencies that do not provide guidelines, a suggested format is:
(a) Transmittal letter (usually not part of the formal proposal);

(b) Signature/title page;
(c)Technical abstract;
(d) Cost narrative (budget justification);
(e) Cost estimate and support documentation;
(f) Appendices (to include letters of support or collaboration).

Funding agencies are becoming more restrictive of page length. It is, therefore, important that a PI adhere to these restrictions. The PI should be familiar with the sponsor's electronic submission system of the applicable agency. Please Note: The PI **should not** establish accounts to submit a proposal via agency websites, before consulting your administrator.

3.4.1. Planning a Project Budget

A project budget should accurately reflect the PI's best estimate of all costs necessary to complete the project as proposed.

The PI should be familiar with the University's *Cost Policy 07.06.01* Policy Regarding Charges to Grants and Contracts ("Cost Policy"), which provides guidance relevant to charging direct and indirect costs to contract/grant accounts. The PI might want to seek the advice of his/her peers, Department Chairman or Dean or Research Center Director as the budget is developed. When planning a budget, Facilities and Administrative Costs ("F&A" or "indirect costs") must be considered. In addition to the cost estimate part of the proposal (the numbers), a PI should also prepare a budget justification or budget narrative section.

This section provides important information for the funding agency as to the PI's reasons for requiring certain cost items. The budget narrative is particularly important if the University is requesting a direct charge of items that are otherwise charged as F&A

costs. It is imperative to work closely with your Administrator to ensure that they understand the budget requirements and that they are accurately and reflected in the proposal cost estimate section. Some common budget considerations are:

(a) **Project start date and period of performance:** These two factors affect the labor and tuition rates and, in some instances, the F&A rate.

(b) **Merit raise escalation of salaries:** The University's merit raise escalation takes effect on October 1 of each fiscal year. For cost estimation, your administrator will provide you with the current escalation factor. Students do not receive merit raises.

(c) **Percent of effort**: The percent of effort of each applicable personnel required to accomplish the proposed project will determine the salary requirements. Be careful of over-commitment of effort.

(d) **Graduate Research Assistants (GRA)**: GRAs have several appointment levels based on academic milestones. Each academic department determines the salary range for the different levels. The PI should provide the administrator with the level and salary (stipend) for the GRA. GRA's cannot work more than 20 hours/week, or 1040 hours/year. GRA's receive tuition and health insurance as a fringe benefit, and these costs must be considered when developing the budget. Federal law requires all individuals to have health insurance.

(e) **Graduate Teaching Assistant (GTA)** stipend cannot be charged to a research contract/grant, nor can it be used as cost-share.

(f) **Undergraduate Research Assistants:** Undergraduate Research Assistants have hourly rates based on position type, class standing, and years in the position. Current hourly rates can be obtained from UAH Career Services. Undergraduate Research

Assistants receive no fringe benefit compensation.

(g) **Fringe Benefit Rates:** Employee fringe benefits are calculated on all non-student faculty/staff salaries or wages. For proposal estimation purposes, your administrator will provide you with the current fringe benefit rate.

(h) **Paid Absences:** Per UAH's Policy No. 06.03.06, Leave Accrual Pool for Contracts and Grants, all contracts and grants, regardless of the source of funding, will be charged based on their percent of effort for all eligible employees and deposited into the established leave accrual pool.

(i) **Operating Costs:** This cost category includes such items as laboratory supplies, page charges, travel, subcontracted services, publication costs, machine shop time, parts and materials, service center costs, etc. The cost estimate items should always have some basis for the amounts proposed, such as a proposal from a potential subcontractor, quotes from vendors or travel agents, established University rates (Machine Shop, recharge centers), etc.

(j) **Travel:** in support of research is proposed and reimbursed per UAH's Policy No.: 06.04.01 UAH Travel Policies. During the budget preparation, provide the Administrator a list of the proposed trips citing the destination, purpose, length of trip, number of travelers, and any out of the ordinary charges.

(k). **Subrecipient, Consultants and Vendors:** Potential Subrecipient, consultants or vendors should submit a proposal or cost estimate in response to a request from UAH. If the proposed subcontract is not competitive and is more than $100,000, the PI must provide a sole source justification. F&A cost is charged on the first $25,000 of each Subrecipient (university, school, college, or not-for-profit organization) subcontract. F&A will be

applied to the total award value of all vendors and consultant agreements. Any proposed cost-sharing of F&A must have the prior written approval of the Vice President for Research and Economic Development (OVPRED). Awards issued to vendors will be submitted through purchasing.

(l) **Machine Shop or Recharge Centers:** Machine Shop and the Recharge Centers operate on an hourly rate basis. Check with the Shop Supervisor or the person in charge of the appropriate Recharge Center for an estimate of cost for the task.

(m) **Equipment:** Proposed equipment needs a written price quote or copy of a catalog price. The equipment requirement must be documented in the budget justification of the proposal. Equipment is tangible nonexpendable property charged directly to the award. Equipment is defined *as a stand-alone item, having a useful life of more than one year and an acquisition cost of $5,000 or more per unit (not including shipping/handling, set-up, and maintenance).* Most funding agencies and UAH do not consider personal computers to be equipment unless it can be justified that the PC is special test equipment or part of a laboratory apparatus dedicated to the project. F&A (or indirect) costs are not assessed against equipment.

(n) **Parts to Fabricate Equipment**: As per UAH Policy No. 07.02.06 Fabricated Equipment Policy, the OVPRED must provide written approval, before parts to fabrication a piece of equipment—can be proposed with no F&A costs, provided the fabricated piece of equipment is not a deliverable.

The cost items above (and others) are direct costs. Direct costs are "those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other [sponsored] activity" (2 CFR

200 Subpart E). Facilities and Administrative (or "indirect") (F&A) Costs are assessed on specific direct costs.

3.4.2. Facilities and Administrative (F&A) Cost Recovery Rates: F&A Costs are calculated as an established percent of specific direct costs. This cost covers the facilities and administrative services necessary to support the research effort but which " … cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other [sponsored] activity" (2 CFR 200 Part E). This cost includes such items as depreciation on equipment and buildings, operations and maintenance, utilities, general administration, departmental administration, sponsored projects administration, and a portion of library costs. The rate is negotiated every five years with the Department of Health and Human Services (DHHS).

The PI should let the Administrator know if the effort will be performed on-campus or off-campus. This will determine the correct F&A Cost rate.

3.4.3 Cost Sharing: In some instances, a funding agency requires the proposer to bear part of the cost of the project. The funding agency solicitation must be carefully reviewed for any cost-share restrictions. All cost-share commitments must have written documentation, as well as comply with UAH Cost Share Policy 07.02.04 Cost Sharing on Sponsored Programs Policy.

3.5 Compliance Certifications
The University is required to adhere to numerous laws and regulations regarding its legal and fiscal conduct relative to the research effort. It must certify that it has policies and procedures in place to ensure compliance with these laws and regulations. In some instances, the certification is required at the time a proposal is submitted and, in other cases, the certification is required at the time of award acceptance, or periodically during the award period. The PI and support staff must be aware of the compliance requirements. A brief overview of common compliance topics and UAH's policies and procedures follow:

3.5.1. After-the-fact Time & Effort Certification: Any UAH employee charging time to a sponsored program account (or a corresponding cost-sharing account) must complete a time and effort certification per UAH Policy 06.03.01 Effort Certification Policy. This is required per UG 2 CFR 200, Appendix IX.

3.5.2. **Animal Care & Use**: Any proposal using vertebrate animals MUST receive project approval from UAH's Institutional Animal Care and Use Committee (IACUC). Click on the link for instructions on submitting a project application to the Committee, a tutorial on the Public Health Service's Policy on Humane Care and Use of Laboratory Animals, and other useful information.

3.5.3. Conflict of Interest: A conflict of interest exists when a UAH faculty/staff [for funded research activities, this requirement extends to all relevant employees], responsibility for teaching, research, or service is threatened or harmed because of an external relationship which directly or indirectly affects the financial interest of the faculty member, a family member or an associate. Any request for sponsored program funding (a proposal submitted through the Office of Sponsored Programs) must have a conflict of interest disclosure

form completed by all key personnel. If the PI is issuing a subcontract under a sponsored program award, they must submit a conflict of interest disclosure form on the potential subcontractor. Some award documents may impose further conflict of interest requirements on the University and the PI. These will be addressed during the award acceptance process.

3.5.4. Cost Policy: UAH's cost policy 07.06.01 is the result of requirements in 2 CFR 200, Subpart E, Cost Principles, and Audit Requirements. All faculty and staff should be familiar with the University's cost policy. They should understand the difference between direct and indirect costs, their applicability to a project, and their allowability under the cost policy. The cost policy and the agency regulations govern expenditures on sponsored project awards.

3.5.5. Cost Sharing and Matching Costs on Sponsored Programs Policy: Funding agencies sometimes require the University to share the cost of a project. As resources available to support cost-sharing are limited, a commitment of cost-sharing funds or in-kind goods or services should be carefully considered. The University's guidelines for the consideration of cost-sharing can be found at the link below. Upon award, a cost-sharing commitment becomes part of the legal obligation of the University, and the PI is responsible for ensuring that all elements of the cost-sharing contribution are adequately expended and documented for reporting to the funding agency. Expenditure and accounting of cost-sharing funds will be tracked as per UAH's cost-sharing policy, 07.02.04.

3.5.6. Debarment: Under several Public Laws and Executive Orders, an individual, institution, or firm that is debarred,

suspended, or excluded from doing business with the Federal, State, or local governments cannot participate in government procurements or receipt of particular government monies. UAH's "Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transactions" is signed by the Director, OSP, on behalf of the University and the principal participants in the proposal. The PI and key personnel should read this certification and understand that they have the responsibility to report any debarment situations to the Vice President for Research and Economic Development.

3.5.7. Defense Priorities and Allocation System: Certain Federal and Federal pass-through awards have priority codes to ensure that they receive preferential acceptance and performance to support certain national defense and energy programs. An award with a "DX" or "DO" rating will contain a statement on the distribution "green sheet" instructing the PI that all requisitions must have a "needed by" date on any requisition. The Purchasing Department assigns priority status to these requisitions.

3.5.8. Drug-Free Workplace: The University is subject to the Drug-Free Workplace Act of 1988 and maintains a policy to ensure compliance with the Act. This Policy bounds all UAH employees. Proposals to Federal agencies must contain a certification that the University complies with this Act. Federal contracts and grants typically have clauses binding the University to the requirements of the Act.

3.5.9. Equal Employment Opportunity/Affirmative Action: Several Public Laws, Executive Orders, and State laws impose equal opportunity and affirmative action program requirements upon University transactions. UAH outlines

its procedure for compliance with these requirements in its 'Equal Employment Opportunity/Affirmative Action Policy'. All employees should be familiar with and in compliance with this policy.

3.5.10. Ethics Law: The State of Alabama Ethics Law imposes certain limitations upon all State employees. These limitations include a prohibition against using State facilities, time or equipment for personal financial gain, and a prohibition against conflicts of interest. A funding agency (State or otherwise) may place additional ethics requirements on the University and the researcher.

3.5.11. Export Control Laws: Export Control Laws are Federal laws implemented and enforced by the State Department through its International Traffic in Arms Regulations (ITAR) and the Department of Commerce through its Export Administration Regulations (EAR). Although most university research and other interaction with foreign nationals are exempt from ITAR and EAR requirements, the PI must sufficiently understand the definitions and situations that might require restriction and control of the export of a technology item or information. Additional information is available at the link above. Before submitting a proposal, you MUST complete the Export Control Training, through CITI. Awards will not be processed if the PI and Key Personnel have not completed at a minimum their Export Control Training. You can access CITI via *myUAH*. Training seminars are offered periodically by the OSP, or you can become Export Control certified through an online seminar presentation.

3.5.12. Human Subjects: Any sponsored project research using human subjects MUST receive prior approval from the Institutional Review Board (IRB). Information about the Committee's purpose and responsibility, the project approval process, and the required forms are located at the link above. PI's applying for NIH funding of projects involving human subjects must also provide a copy of a certificate (which fulfills the NIH requirement for an institutional training course). NIH issues the certificate upon completion of an on-line tutorial of Federal regulations governing human subjects in research as well as the responsibility of the investigators and the institutional review boards in protecting the human subjects. ALL "key personnel" involved in the project should complete this tutorial.

3.5.13. Immigration Matters: Sponsored program issues affecting non-US citizens--employees, students, or subcontractors--are referred to the International Student and Scholar Services, before engaging the non-US citizen on sponsored project work.

3.5.14. Intellectual Property (Inventions, Discoveries, and New Technology): UAH research personnel supported with Federal funds are required to report any inventions, discoveries, or new technology developed or discovered during their research. The PI acknowledges and agrees to this requirement by signing the proposal coordination sheet. For additional information about reporting/disclosure of inventions or new technology development/discover, contact the Office of Technology Commercialization.

3.5.15. Lobbying Activities: Most sponsored project proposals require certification that "that no Federal appropriated funds have been paid by or on behalf of the University to influence or attempt to influence an officer or employee

of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with awarding of any Federal contract, making any Federal loan, entering into any cooperative agreement or extending, renewing, continuing, amending or modifying any Federal contract, grant, loan or cooperative agreement." If such activity has taken place, the University must disclose the activity using Standard Form LLL, "Disclosure Form to Report Lobbying." Failure to disclose lobbying activity carries a substantial monetary penalty.

3.5.16. Overrun Account Procedures: It is the Principal Investigator's responsibility to ensure that costs charged to their sponsored project awards are allocable (demonstrate a cost-benefit relation), allowable (as per "2 CFR 200, Subpart E", project terms and conditions & institutional regulations), reasonable (do they stand the test of good judgment and common sense) and consistent (with like circumstances). To assist with this responsibility, the PI should review cost transactions and monthly account statements often, and resolve financial errors quickly. Questions about your sponsored project account showing an overrun (expenditures exceed credited funds) during the award period of performance or after project end should be directed to Contracts and Grants Accounting for resolution.

3.5.17. Participant Support: While several federal agencies and other sponsors provide participant support, NSF has the most comprehensive policies governing the budgeting, spending, and reporting of these funds – these policies are articulated in the NSF Proposal and Award Policies & Procedures Guide, Part II, Proposal Preparation Instructions. For questions

concerning the legitimate use of participant support funds, contact Contracts, and Grants Accounting for guidance.

3.5.18. Procurement Integrity: The "Procurement Integrity Act" places certain responsibilities on agencies/institutions seeking Federal contracts. Responsibility for compliance with the provisions of this Act is passed down to the appropriate individuals involved in the proposal and award process. In some instances, the Director of Office of Sponsored Programs must sign certifications of compliance with the provisions of the Act and, to do so in a knowledgeable manner, the PI and other key individuals in the proposal/award process may be required to sign an acknowledgment of their responsibilities under the Act. A summary of the Procurement Integrity Act can be found here.

3.5.19. Proposal Routing and Approval Procedure: PIs requesting outside funding for their projects/programs must submit their requests (proposals) to the funding agencies through the Office of Sponsored Programs. All requests for sponsored funding must be approved per UAH's "Proposal Submission Policy 07.02.12" for Grant and Contract Proposals.

3.5.20. Scientific Misconduct/Ethical Conduct in Research: All University researchers are required to adhere to the UAH "Policy Regarding Ethical Standards in Research and other Scholarly Activities." In some instances, a researcher may be required to sign a certification signifying knowledge of and intent to adhere to the standards of the policy. Additional Responsible Conduct of Research Training (RCR) currently required.

3.5.21. Safety & Environmental Hazards Requirements: PIs engaging in research involving the use of hazardous chemicals, biohazards, lasers, radioisotopes, or other potentially hazardous activities must complete a project registration form before starting their research. This action notifies the Office of Environmental Health and Safety (OEHS) of the activity. Upon receipt of the form, the OEHS will provide guidelines and manuals specific to the hazard to ensure the protection of the University community and facilities, and to ensure compliance with applicable regulations governing the use of such materials or activities.

(a) Radiation Safety: The use of radioactive materials in University research is regulated by the State Board of Public Health, which licenses and inspects UAH's radiation safety program. All users of radioactive materials must receive proper training and authorization by the Radiation Safety Committee before obtaining or using radioactive materials.

(b) Recombinant DNA: Researchers contemplating sponsored project activities using recombinant DNA must complete the Recombinant DNA Registration and submit it to the Office of Environmental Health and Safety for review before the commencement of the project.

3.5.22. Security: The Office of Research Security should be contacted about any sponsored project issues involving security clearances, badges, and other clearances for access to government facilities, and industrial security matters.

3.5.23. Subcontracting Goals: A Small Business Subcontracting Plan is required when the estimated dollar value of the base contract and all option periods exceed or is expected to exceed $700,000. (Reference:

FAR 19.702(a)) The Master Subcontracting Plan must state the percent goals for purchases placed with small businesses and small disadvantaged businesses. The University's Master Subcontracting Plan, negotiated with and approved by the Office of Naval Research (ONR), is on file in the Office of Sponsored Programs. During the proposal process, the PI and Administrator develop purchasing goals specific to the particular contract. A semi-annual report of purchases made is submitted to the funding agency.

3.5.24. Travel Guidelines: All UAH employees traveling under sponsored project awards must abide by "UAH Travel Policies." The traveler is required to obtain approval before traveling. Employees contemplating foreign travel with funding from a Federal agency received either directly or indirectly through another agency, must adhere to the U.S. Flag Carrier regulations and contact the Office of Research Security.

3.6 Negotiation of Awards

Negotiation of an award can run the gamut from telephone agreement of minor budget changes to full formal negotiation proceedings. The OSP Administrator has the authority to negotiate awards on behalf of the University. All changes will be discussed with the PI before the agreement is accepted, to include changes involving the statement of work, report requirements, or deliverables.

The PI, Office of Counsel, or Office of Technology Commercialization may be called upon to participate in the formal negotiation proceedings. The PI is not authorized to negotiate award terms and conditions. The funding agency or the University might require additional

agreements addressing such subjects as protection of proprietary information or treatment of intellectual property.

These agreements are made between the funding agency and the University, not the funding agency and the PI. Once the negotiations are finalized, the funding agency proceeds with the award. If the agency accepts the University's requested changes, the award will be accepted by UAH and processed.

3.7 Post-Award

Sponsored Research awards are made in the form of a contract, grant, cooperative agreement, purchase order, credit card, or some other written instrument. The terms and conditions of the award will vary according to the type of instrument and the awarding agency's regulations.

3.7.1. Accepting an award

The PI may never accept an award in their name or on behalf of the University. The authority to do so vest with The Office of Sponsored Programs (OSP). After review of all terms and conditions, and confirmation that the award was issued as proposed, OSP will prepare a Document Approval Sheet (DAS), (**See Figure 3.1 through 3.3**), that highlights pertinent facts about the award. The PI is notified via email of receipt of the award. The PI is required to review the award document, complete the certification and representation, and sign the DAS. It may be necessary to circulate the DAS to others within the pre-award signature loop if the award significantly differs from the proposal or if there are security or legal issues.

Award received that were not submitted through OSP, will require the PI's department chair or research center director

to agree by signature to accept contractual and fiscal responsibility for the award (the same agreement which they would have made on the Proposal Routing Form, (**See Figure 3.4**). The fiscally responsible department or center will be required to agree to cover any cost overruns that may occur in fulfillment of a Fixed Price Award. The Director, OSP, will sign and accept the award for the University. The PI bears the prime responsibility for the technical, management, fiscal, and administrative conduct of the research project. They should:

(a) Be familiar with the applicable agency and University guidelines;
(b) If the award is a NASA award, the PI will have to complete the *NASA Restrictions on Funding Activity with China* attestation form (**See Figure 3.6**).
(c) Professionally conduct the project;
(d) Ensure that all administrative issues are addressed (e.g., patents, publication restrictions, human subjects, animal care, etc.);
(e) Expend funds in compliance with agency and University regulations and maintain proper budgetary control; and
(f) Submit reports and deliverables on time.

The Office of Sponsored Programs acts as the liaison between the PI and the funding agency's contractual authority. While the funding agency's technical officer can provide guidance to the PI and monitors the progress of the contract/grant effort, they cannot issue contractual direction or changes. The funding agency's contracting officer must issue any change affecting an award requirement.

3.7.2. Post-Award Administration

Your OSP Administrator or Contracts and Grants Accountant should be contacted for

assistance with post-award administrative actions.

After the award is accepted, OSP will create the award file. This will involve the following actions:
(a) Obtain an organization number (account number) for budgeting the award funding. Contracts and Grants Accounting process all awards, through UAH's official accounting system, BANNER. The accounts are based on six-digit numbers where the first two digits represent a research center, and the first three digits represent an academic department, that designates the fiscally responsible unit for the account. A "**5,**" which identifies the account as a research account, follow these initial digits, and the remaining digits are an index number to the account. For example, Center Account Number 12**5**123, and Department Account Number: 123**5**12.
(b) Create the account budget (based on the proposal cost estimate budget) by submitting a "Request for Budget Change" form to Contracts & Grants Accounting. Only the amount authorized for spending by the funding agency will be set up in the budget. For example, we receive an award for $200,000, with $100,000 approved for spending. The account budget will be $100,000.
(c) Enter the new award, information into OSP's database, distribute a copy of the award document via email to all applicable parties, and set up the administrative files If the award has cost-sharing requirements, a cost-sharing account will be established. Contracts and Grants Accounting will be notified of all cost-sharing commitments. The PI is responsible for ensuring that cost-sharing obligations are met, particularly documentation of in-kind cost-sharing and that the Contracts and Grants Accountant receives the documentation in a timely

manner. In some cases, an award may result in Program Income, which requires a separate research account. See OSP Policy 07.02.11 Managing Program Income Earned on Sponsored Projects for tracking and spending program income funds.

3.7.3. Prior Approvals or Expanded Authority

During the course of a funded project, it may be necessary to change the budget or scope of work from what was proposed. These changes usually can be approved by either making a request to the funding agency's Grants Specialist or by exercising the University's prior approval or expanded authority as allowed under the award.

Most agencies require a written request for any changes that modify the award by substantive financial changes ("substantive" varies from award to award) such as, changes to the scope of the award, termination of the PI, or a significant reduction in the PI's effort on the project, by more than 25% of total award/year. In some instances, all changes must be approved in advance by the funding agency.

The Office of Sponsored Programs has an Institutional Prior Approval System (IPAS), OSP Policy 07.02.14, for consideration of requests for changes within its authority. This authority is limited to GRANTS or sub-awards made to UAH, under grants.

A quick guide to grant actions (for our most common Federal award agencies) that can and cannot be performed under the IPAS is at this link. A written request for IPAS consideration should be made to the OSP Administrator, stating the proposed change and how it will benefit the project. This request must be made, and the agency or

IPAS approval should be received before initiating the desired action.

Requests for changes that require funding agency approval are sent to the agency Grants or Contracts Specialist office with a copy to the project technical officer if the award requires. The PI may wish to provide additional information to their technical officer separately but should remember that official approval will come from the agency Contract Officer (KO).

3.7.4. Pre-award Costs
Some Federal agencies recognize the need for pre-award costs and, under the prior approval/expanded authority privilege, allow a 90-day pre-award coverage. Pre-award cost is not permitted for contracts, but to grants and cooperative agreements. If the PI has some assurance of a pending award from a Federal agency and the award will allow pre-award costs, an account can be established, at risk, to allow these costs. The PI must submit a Risk Memo to their Administrator, stating the need for pre-award expenditures.

Upon receipt of the award, OSP will notify the funding agency that the University is exercising pre-award costs for the requested period. Pre-award costs incurred are at the University's risk. If the University does not receive the award or the award is delayed more than ninety days past the anticipated start date, the Risk Memo account must bear the costs not covered by the award.

3.7.5. No-cost Extension
In many instances, a funding agency will allow an unfunded extension of the contract/grant period of performance, granting the researcher additional time to complete the project, called a No-Cost Extension (NCE). The NCE should be

requested **90 days** before the award end date. The request should be made in writing to your OSP administrator, providing the length of the desired extension and the reason for the NCE.

If the award is a contract, the request must be submitted to the Contracting Officer. Most grants and cooperative agreements allow the University one opportunity to authorize its own NCE (with proper notification to the agency). Subsequent requests must be made to the funding agency.

The required period of notice before the original end date differs from agency to agency; however, the norm is this request must be submitted to the funding agency **90 days before** the end date. Please check with your OSP administrator to verify the deadlines for requesting an NCE. Note: Per 2 CFR 200, Subpart E, the desire to expend remaining funds without any corresponding technical benefit to the project is NEVER an acceptable reason for an NCE and will be denied by the sponsor.

3.7.6. Account Statements
The PI and administrative support staff should obtain access to Banner and review all accounts on, at least, a monthly basis. A modified current balance of an account can be obtained on any date. It is the PI's responsibility to address account statement errors promptly with the appropriate Contracts and Grants Accountant to avoid improper charges to the funding agency.

3.7.7. Budget Changes and Re-budget Actions
During the period of performance, it may be necessary to re-budget funds from one sub-code to another or, in some instances, from one account to another. Funds can be moved

between accounts ONLY if both accounts are linked to the same award. All re-budget actions must be sent to OSP for approval before submission to Contracts and Grants Accounting. The office initiating the re-budget action should be aware of the funding agency guidelines and UAH policies, which might affect this action. Your award budget can be changed in a variety of ways. The majority of these changes can be accomplished without agency approval. Contact your OSP Administrator for assistance.

Some basic information about re-budgeting can be found in the Office of Sponsored Programs "Quick Reference Guide" under the *Researcher's Resources* tab. A list of common sponsored program-related account-codes can be found here.

3.7.8. Charge Transfers

If an erroneous charge is made to an account or the PI determines that a charge should more appropriately be debited to another account, they should use a "Transfer Authorization" form. The from will facilitate moving an existing charge, not funds, from one account to another.
Documentation of the previous charge must accompany the form and can be a copy of the original purchase order, highlighted charges on the original account statement, etc. Only the amount of the direct cost should be on the form. The appropriate F&A charge will be credited and debited along with the transferred charge.

All authorization forms must be reviewed and approved by Contracts and Grants Accounting. Remember that the original charge must have occurred during the active period of the account to which it is being transferred, and it must be relative to that account's purpose.

NOTE: Payroll charges cannot be transferred to another account, with this form. A payroll charge can only be moved using the University's Retro Process. See UAH Policy 06.03.02 Retro/Distribution Policy.

3.7.9. Purchases

Supply items, equipment, airline tickets, etc., are made through the University's Purchasing System. The Office of Business Services provides a manual explaining its procedures and other information and forms. Please note that any equipment requisition or a requisition with account code "7435" (parts to fabricate equipment/no F&A) and "7436" (parts to fabricate equipment/with F&A) require the approval of Contracts and Grants Accounting. A requisition for an item of equipment (individual item costing more than $5,000) or for any computer (regardless of cost) must be accompanied by a screening form, "Tangible Property Purchase Approval Form." You must email the screening form to the OSP Government Property Specialist, copying your administrator, and Contracts and Grants Accounting.

3.7.10. Travel

Travel reimbursed under a funded award must relate to the proposed effort. All travel must have a pre-approved "Authorization for Travel" form. Labor-related to travel must be charged to the account that is reimbursing the travel expenses or an approved cost-share (state) account. Effort and travel may not be split between two or more accounts unless a justification is provided that explains how the multiple accounts will benefit from the travel. The traveler should be familiar with the University's travel policy, 06.04.01, regarding reimbursement for in-state or out-of-state travel.

In addition to this policy, the award itself may impose additional restrictions and, if an award is more restrictive than UAH policy, the award restrictions will be followed. Foreign travel under a Federal award (or an award with Federal funds as its ultimate source) must adhere to the U.S. Flag Carrier Airline restrictions, which reads as follows:

Synopsis of U.S. Flag Air Carrier Regulations (FAR 47.4): U.S. flag air carrier service, to the extent available, shall be used for U.S. Government-financed commercial foreign air travel from the point of origin to the destination or nearest interchange point served by U.S. flag air carriers (some exceptions apply):

However, there are some exceptions, which may allow the use of a foreign air carrier service provider (with agency approval):
(a)   The entire route or a leg of the route is not served by a U.S. flag air carrier (U.S. flag air carrier service must be used to the extent possible);
(b)   A U.S. flag air carrier involuntarily reroutes the traveler by foreign air carrier even though a U.S. flag air carrier may be available;
(c)   If the use of a U.S. flag air carrier delays departure from the point of origin or accelerates arrival by more than 24 hours (either departure or round trip);
(d)   If, after arrival at the first foreign ("gateway") airport, any connecting leg of the journey will be delayed over six hours to use a U.S. flag air carrier (same with a return trip.)
The following reasons will not allow the use of a foreign air carrier:
(a) The foreign air carrier costs less than the U.S. flag air carrier;
(b) The foreign air carrier is preferred or more convenient;

(c) The traveler has excess foreign currency that could be used to pay the foreign air carrier.

Please note that some U.S. flag air carriers book flights on foreign air carriers; this is acceptable IF THE TICKET SHOWS A U.S. FLAG AIR CARRIER FLIGHT NUMBER FOR THE TRIP. If you feel that you have an exceptional situation (see GSA Fly America Act), you must contact your OSP administrator before booking the flight. A traveler who uses an unapproved foreign air carrier service will most likely have to pay for the ticket from non-federal funds.

3.7.11. Reports

Almost all contracts/grants require technical or progress reports, which are the responsibility of the PI. The award document or guidelines will provide instructions as to report type, report format, due date, and whom to submit the report too. Most funding agency requires the report be submitted via an identified portal, such as NSF Research Reports; NOAA Grants on-line, etc. If the reports are to be submitted to the funding agency by OSP, the PI must provide a .pdf copy of the report to the OSP administrator. If the PI submits the reports directly to the agency, a copy of the report should be sent to the OSP Administrator for tracking.

Timely submission of all reports is an important matter. Many Federal agencies will withhold future awards to the delinquent PI and, in some instances, the University until they receive the report.

Most awards require reports other than the technical reports. They may include annual reports of new technology/inventions and annual property reports. Although the Administrator will submit these reports, the

PI will be responsible for providing the required information before submission.

Financial reports are the responsibility of Contracts and Grants Accounting; however, the PI should know the content of the reports and be prepared to provide input upon request.

As a courtesy, the Office of Sponsored Programs will send the PI a Research Report Reminder (**See Figure 3.5**). The Reminder will list the Org Number, agency due date, how many days from the due date, type of report, the sponsors, award title, administrator, and phone number.

3.7.12. Personnel
It is the PI's responsibility to ensure that their project is supported by a sufficient number of professionally competent personnel to complete the task within the agreed time frame and authorized funding amount. If a new position is required to fulfill the award obligations, contact Human Resources for assistance. The University has a prescribed procedure and forms for developing and advertising new positions.

Individuals working on sponsored projects are paid from the project account in proportion to the effort expended in support of the project. A Personnel Action Form/Labor Distribution (PAF/LD) form should be submitted for each individual showing the percent of effort for each account charged during a given period. Work with your department or center staff personnel to ensure the paperwork is submitted on time

Each employee charging to research or a cost-share account must submit a timesheet,

bi-weekly. Additional information about the payroll system and forms are available at the Payroll website.

3.7.13. Subcontracts
A proposed research project often requires subcontracted services of a non-University individual, a company, or another university. In this case, the University will issue a subcontract to the individual or company. A subcontract is always between the University and the subcontractor. The University authorizes the subcontractor to begin working. A PI should never circumvent the established subcontracting process. It is the PI's responsibility to monitor the technical conduct of the subcontractor and ensure that all reports or deliverable items are produced in a professional, timely manner.

The University's procedure for issuing subcontracts, consultant subcontracts, and letter subcontracts are located under Subcontract Information. If a researcher requires the services of another University employee in another department and the individual is fully committed and cannot perform the task as part of their regular duties, the PI can issue an Intra University Consulting form, aka as Cross-Department Consulting.

The employee/consultant's home labor area must be different from that of the PI (or it is not considered "cross-departmental"), the employee/consultant must be paid at a rate no greater than their actual UAH hourly rate, and the funding agency must approve the action. See Intra University Consulting for additional information.

DOCUMENT APPROVAL SHEET (DAS)

Contract Administrator: _____ Proposal No.: _____ Date: _____

Contract Name:	
Contract Number:	Agency Name:
Period of Performance:	Account Number:

Points of Significance:

PI % of Effort: _____

Thrust Area: _____

_____ This is a fixed price award and the fiscally responsible unit agrees to cover any cost overruns incurred in ensuring completion of the effort as required in the attached agreement.

This award is (check one):

_____ Basic (Fundamental) research which is research undertaken primarily to acquire new knowledge without any particular application or use in mind.

_____ Applied Research which is research conducted to gain the knowledge or understanding to meet a specific, recognized need.

_____ Development which is the systematic use of the knowledge or understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

_____ Instruction includes agreements which support curriculum development as well as all types of teaching/training activities, whether offered for credit toward a degree or certificate, on a non-credit basis, or through regular academic departments or by separate divisions, summer school or external division.

_____ Other sponsored activities are programs and projects which involve the performance of work other than instruction and organized research. Most projects in this category do not involve students or benefit from the library.

Signatures		
PI: Date:	Chair: Date:	Dean/Ctr Director: Date:
		OSP:
Legal: Date:	OVPR: Date:	OSP: Date:

No-Proposal DAS

OSP Form Revised 8/22/2010

Figure 3.1 Document Approval Sheet   (DAS)

Prior to acceptance of an award not generated by an official UAHuntsville proposal, the Principal Investigator must complete the agreement/certification section below.

Investigator's Statement: My signature below certifies that:
I will comply with the University's Scientific Misconduct Policy, (Full text versions of the University's Scientific Misconduct Policy and Conflict of Interest Policy are available at www.uah.edu/research/resadmin/information/compliance)
I am **not** debarred, suspended, declared ineligible or proposed for debarment by a Federal entity;
I **will** be responsible for technical conduct of work the work and will be responsible for submission of all required technical reports;
I **will** be responsible for compliance with award terms and conditions, including citizenship requirements for project participants,
I **have** read and understand the University of Alabama in Huntsville Conflict of Interest Policy. Furthermore, should any potential or actual conflict of interest arise during the conduct of this proposed research, I acknowledge that I have an obligation to disclose immediately such conflicts in writing to the Chair and/or Dean/Center Director and seek resolution.
I **will**, disclose promptly, in writing to OSP, all new technology invented or discovered during the course of research on this project, either by me or other persons who perform work on this project. Furthermore, I will assist UAHuntsville with the necessary paperwork to file patent applications and establish the Government's right in any invention.

CERTIFICATION

*This certification applies to the funding agency as well as to all **named** consultant/subcontracts proposed under this award.*

CONFLICT OF INTEREST:

Please answer all questions below. If **"yes"** is the answer to any questions, attach to this document in a sealed envelope addressed to your Dean or Center Director, is a description of the nature and extent of the affiliation. Any answer of "YES" on the questions posed will elicit review by the appropriate Dean/Center Director and, if indicated, be followed with Dean/Center Director's comments and/or recommendations to the Professional Review Committee.

1. Will acceptance of this sponsored program interfere with meeting your obligations to students, colleagues, or UAHuntsville? _____ yes _____ no

2. Do you or will you have any affiliation with the proposed external funding organization, a subcontractor, or vendor that would or could interfere with meeting your obligations to students, faculty colleagues, research colleagues, or UAHuntsville? _____ yes _____ no

3. Other than as described in the proposal, do you plan to involve students in any capacity in the proposed work for this external funding organization during the course of this sponsored project? _____ yes _____ no

4. Do you or any members of your immediate family participate as an officer, partner, director, trustee, employee, advisory/other board member, or agent in any capacity with the external funding organizations, a subcontractor or vendor or any organization providing goods and/or services for this proposed sponsored project? _____ yes _____ no

5. Do you or any member of your immediate family hold more than five percent (5%) actual or beneficial owner-ship of the voting stock or controlling interest of the external funding organization, a subcontractor or vendor or any organization providing goods and/or services for this proposed sponsored project? _____ yes _____ no

ANSWER QUESTIONS 6 AND 7 IF THIS IS A **GOVERNMENT SPONSORED PROJECT**

6. Have you or any member of your immediate family received significant income from a subcontractor, vendor or any organization providing goods and/or services for this proposed sponsored project? _____ yes _____ no

Figure 3.2 Document Approval Sheet (DAS) Certification

No-Proposal DAS   OSP Form Revised 8/22/2010

Figure 3.3 Document Approval Sheet (DAS) Safety and Protection

Route Log

refresh

ID: 38990	▾ hide

Title	RII Track-4: DECO: ; Proposal No: 420; PI: Jianqing Liu; Sponsor: National Science Foundation; Due Date: 05/12/2020		
Type	Proposal Development Document	**Created**	10:50 AM 04/27/2020
Initiator	Liu, Jianqing	**Last Modified**	11:09 AM 04/27/2020
Route Status	ENROUTE	**Last Approved**	
Document Status		**Document Status Modified**	
Node(s)	PeopleFlows, JoinCostShare	**Finalized**	

Actions Taken	▾ hide

	Action	**Taken By**	**For Delegator**	**Time/Date**	**Annotation**
	SAVED	Liu, Jianqing		10:52 AM 04/27/2020	
▸ show	COMPLETED	Liu, Jianqing		11:09 AM 04/27/2020	

Pending Action Requests	▾ hide

Figure 3.4 Proposal Routing Page

Back to TOC

Banner Org	Due Date	Days from Now	Report Type	Funding Agency	Title	Administrator

Figure 3.5. PI Research Report Reminder

3.7.14. Account overruns or disallowed costs

The PI or designee must closely monitor monthly account statements to ensure that the account expenditures do not exceed the authorized funding amount. All overruns are the responsibility of the PI and fiscally responsible unit for the account. In accordance with the University's policy, an overrun account will be frozen by Contracts and Grants Accounting until the overrun is resolved or by submission of a Risk Memo, which will allow the account to remain active while resolving the overrun.

Some costs are not allowed by particular funding agencies and, if improperly charged to the account, will be disallowed later. **Refer to UAH "Cost Policy," for additional information.** In many cases, disallowed costs can be avoided by obtaining the proper approval before incurring the expense. A disallowed cost becomes the responsibility of the PI and the fiscally responsible unit.

3.7.15 Close-out

At the end of the contract period of performance, the Office of Sponsored Programs starts the close-out process. This process documents all required reports and forms have been properly submitted and that the funding agency has released the University from any further responsibility relative to deliverables. All subcontracts issued under the contract/grant must be closed out in the same manner before closeout of the main award. Finally, all payments must be received; all accounts balanced, and all required fiscal reports must be submitted to the funding agency. All files related to the contract/grant are stored for seven years.

3.7.16. Audit

Any sponsored contract or grant is subject to audit by several entities. Funding agencies can request approval to audit during an award or following the end of the award. They can also audit proposals; this is called "a pre-award audit" to determine if the University's proposal costing is accurate and realistic relative to the technical effort proposed.

Per 2 CFR 200.500, Subpart F, Audit Requirements, UAH is obligated to perform an annual "A133 Audit" (single source audit) every year using a professional accounting firm. During this audit, the auditors will select a representative sample of contract/grant-related transactions and check the transaction procedure relative to the award, the funding agency, and

University's policies and procedures regarding the transaction. The University's internal auditor also can perform audits on processes and procedures relating to award administration.

If a PI is approached directly by an outside auditor about sponsored project activity, they should immediately notify the Office of Sponsored Programs.

This manual is based on general principles. Many pre-award and post-award issues are peculiar to the individual award situation and have not been addressed here. It is essential to discuss these questions and concerns with the OSP administrator or Contracts & Grants Accounting as soon as they arise—ideally before any action is taken, which will ensure the avoidance of problems and a timely resolution if they do occur. ■

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

Memorandum

Subject: NASA RESTRICTIONS ON FUNDING ACTIVITY WITH CHINA

In February 2012, NASA issued guidance documents addressing NASA implementation of the restrictions included in their FY 2011 continuing resolution and FY 2012 funding Appropriations Acts (document sources referenced below). Per the Acts, NASA is restricted from using funds appropriated on or after April 25, 2011 to enter into or fund any grant, cooperative agreement or contract of any kind to participate, collaborate, or coordinate bilaterally in any way with China or any Chinese-owned company. To ensure compliance with the restriction, NASA is now requiring institutions receiving NASA funding to complete an Assurance which represents the University's acceptance of the restriction.

The University is, therefore, restricted from collaborating with, or issuing a subaward to China or a Chinese-owned Company, whether the collaboration is funded or performed under a no-exchange of funds arrangement. "China or a Chinese-owned Company" is defined in the NASA guidance documents as "*the People's Republic of China, any company owned by the People's Republic of China, or any company incorporated under the laws of the People's Republic of China*".

Please Note:
(1) NASA's implementation of the Appropriations Acts may restrict the use of NASA funds to support Chinese national students on scholarships from PRC. Moreover, visiting researchers who retain their affiliation with PRC may not work on NASA funded projects. The NASA Grant Information Circular states that participation by Chinese nationals will be reviewed by NASA grant and technical officers prior to awarding grants or cooperative agreements (including amendments); and the Procurement Information Circular states that, if collaboration with China or a Chinese-owned company is anticipated, the contractor must contact the contracting officer to determine if funding may be used for that purpose.
(2) The restrictions do not prohibit the purchase of commercial or non-developmental items, since participation, collaboration or coordination between the parties would not be required.

UAH Office of Compliance will continue to monitor these developments to ensure that citizenship restrictions are not accepted in violation of University policy.

Please reference the following NASA documents for detailed information: Grant Information Circular (GIC 12-01) (2/9/12): http://prod.nais.nasa.gov/pub/pub_library/grantnotices/gic12-01.html

Procurement Information Circular (PIC 12-01A) (2/16/12):
http://www.hq.nasa.gov/office/procurement/regs/pic12-01A.html

In order to ensure that UAH is in compliance with the statute and NASA's funding limitations, the Office of Sponsored Programs (OSP) will require that Principal Investigators who have new and current funding from NASA complete a short and straightforward questionnaire related to these requirements.

Figure 3.6 NASA Restrictions on Funding Activities with China – Page 1 of 3

NASA CHINA FUNDING RESTRICTION
PRINCIPAL INVESTIGATOR (PI) QUESTIONNAIRE

- **The PI must complete this form in order to determine whether the University is compliant with NASA's China Funding Restriction.**
- **OSP cannot move forward with processing the award until the PI has completed, signed, and returned this questionnaire to OSP.**

Proposal Title: _____

NASA Award Number: _____

1. Does this project involve collaboration or coordination with, or participation of a Chinese company (defined as any company incorporated under the laws of China) or the Chinese Government (whether the activity is funded or unfunded)? ☐ No ☐ Yes
   If yes, please include the name of the entity, the type of entity (*e.g.*, government, corporation, or other), and the role in the project.

2. Does this project involve collaboration or coordination with or participation of individuals in any way affiliated with a Chinese company or the Chinese Government (whether the activity is funded or unfunded)? ☐ No ☐ Yes
   If yes, please include the name(s) of the individual(s), affiliation(s), and role(s) in the project.

3. Does this project involve collaboration or coordination with, or participation of a student from PRC enrolled at UAH with a scholarship from China? No ☐ Yes ☐
   If yes, please include the name(s) of the individual(s), affiliation(s), and role(s) in the project.

4. Does this project involve collaboration or coordination with, or participation of a scholar who retained his/her affiliation with PRC? ☐ No ☐ Yes
   If yes, please include the name(s) of the individual(s), affiliation(s), and role(s) in the project.

Figure 3.6 NASA Restrictions on Funding Activities with China – Page 2 of 3

Assurance of Compliance – China Funding Restriction
(DEVIATION FEB 2012)

An Assurance of Compliance with The Department of Defense and Full-Year Appropriation Act, Public Law 112-10 Section 1340(a); The Consolidated and Further Continuing Appropriation Act of 2012, Public Law 112-55, Section 539; and future-year appropriations herein after referred to as "the Acts", whereas:

(1) NASA is restricted from using funds appropriated in the Acts to enter into or fund any grant or cooperative agreement of any kind to participate, collaborate, or coordinate bilaterally with China or any Chinese-owned company, at the prime recipient level and at all sub-recipient levels, whether the bilateral involvement is funded or performed under a no-exchange of funds arrangement.

(2) Definition: "China or Chinese-owned Company" means the People's Republic of China, any company owned by the People's Republic of China, or any company incorporated under the laws of the People's Republic of China.

(3) The restrictions in the Acts do not apply to commercial items of supply needed to perform a contract, grant or cooperative agreement.

(4) By submission of its proposal, the proposer represents that they are not a Chinese-owned company, and that they will not participate, collaborate, or coordinate bilaterally with China or any Chinese-owned company, at the prime recipient level or at any sub-recipient level, whether the bilateral involvement is funded or performed under a no-exchange of funds arrangement.

Principal Investigator (Print Name): _____

Signature: _____

Date: _____

E-mail: _____

Figure 3.6 NASA Restrictions on Funding Activities with China – Page 3 of 3

Chapter 4. Direct Charging

Introduction

Direct charging of expenses to research awards is the normal process by which research expenses are incurred, and the sponsor reimburses the University. Direct costs are those which can be identified readily and specifically with a particular sponsored project with a high degree of accuracy. General categories of direct expense include:

(1) **Personnel** (faculty, research staff, project support staff, GRA, post-doctoral and undergraduate students)
(2) **Employee Benefits** (including paid absences, GRA Tuition, and Health Insurance).
(3) **Capital and minor equipment**
(4) **Material, supplies, and services**
(5) **Travel**
(6) **Subcontracts/Consultant Agreements**
(7) **Service Center Charges**
(8) **Participant Support**

Each of these categories is described later in this chapter.

Direct expenses charged to sponsored projects should be consistent with those included in the approved project budget. Direct charging of expenses at UAH is accomplished by incurring expenses and assigning these to the appropriate research cost codes in the University's accounting system. The expense posted to cost codes in Banner is the official source of research project costs at UAH. First-time users are advised to take the introductory course on Banner.

4.1 Expanded Authorities

One of the most advantageous changes in the last two decades is the adoption by the federal government of "expanded authorities," whereby federal agencies, at their option, are authorized to waive cost-related and administrative prior written approval requirements stated in Uniform Guidance 2 CFR 200. Expanded authorities give the University greater flexibility to expend project funds. For example, agency waivers may include authorizing recipients to do any one or more of the following tasks without seeking approval from the sponsor:

(a) Incur pre-award costs (at the recipient's own risk) up to 90 days before award. OSP must notify the sponsor upon receipt of an award of its intent to incur pre-award costs.

(b) Initiate a one-time extension of the expiration date of an award of up to one year. PI must request a No-cost extension (NCE) 90 days before award termination.

(c) Carry forward unobligated balances to subsequent funding periods. The authority to carry forward unobligated balances must be stated in the budget.

Note that these permissions are included in 2 CFR 200 and, thus, do not apply to contracts. Further, agencies may decide not to allow anyone of the above permissions if their regulations differ from these permissions. If you are unsure as to whether the expanded authorities apply to your funded project, check with your OSP administrator.

4.2 Direct Expenses

To authorize funds to be charged directly to sponsored projects, the originating unit must ensure that:

(a) The estimated charge is reasonable and necessary for the performance of the project and is incurred within the project's period of performance.

(b) The expenditure is allowable by the sponsor and, if charged to a federally-funded project, per 2 CFR 200.

(c) The expenditure is allocable to the project, i.e., it provides benefits to the project.

(d) The expense does not exceed the authorized amount of funding on the award amount and adheres to other funding limitations.

(e) The method of allocation of costs is appropriate and documented.

(f) The charge is coded with the correct account code identifier and charged to the correct award.

(g) The charge has been processed through the appropriate university system.

Expenses of a technical nature should be charged directly to sponsored projects if the expense can be specifically identified and provides programmatic benefit as described in the project's scope of work. Direct charging of these costs may be accomplished through specific identification of the costs to the sponsored project or service center charges, as appropriate under the circumstances. Examples of such expenses that may qualify as technical include the following:

■ Salaries of PI and related fringe benefits
■ Salaries of technical staff, and related fringe benefits
■ Stipends, tuition, and health insurance for GRA
■ Laboratory supplies (e.g., chemicals and materials)
■ Telephone toll charges directly related to the project
■ Animals and animal care costs
■ Travel costs directly related to the project
■ Service center charges
■ Specialized health and safety supplies, training and services
■ Publication/page charges
■ Subawards, vendor purchase orders, and Consultants
■ Capital and minor equipment

The above expenses shall be charged using the appropriate account code described and contained in the most current Chart of Accounts.

Clerical and administrative staff may be directly charged only where the project meets the criteria defined in 2 CFR 200.413(c) Direct *Costs,* UAH Cost Policy, the expense is adequately justified, included in the proposal budget, and approved by the sponsor.

4.3 Salary Distribution & Certification

The largest category of direct project expense is salary and benefits. The PI is responsible for reviewing salaries charged to projects. Percentages of salary charged to a project are validated and certified by the PI.

4.3.1 Salary Distribution and Certification. When a PI manages a lab with multiple ongoing projects, the distribution of salaries of the PI, research assistants, researchers, and other staff to the various projects, must be carefully considered. UAH's process for salary distribution and certification verifies that direct labor charges to federally sponsored agreements are reasonable and reflect actual work performed, which is referred to as *effort reporting*. This process shows the distribution of the effort of individuals among the various activities in which they work, as a percentage of total salary (***not as a specified number of hours***) devoted to benefit the project, either as a direct charge or committed cost-sharing. For more information, see the Effort Reporting Policy.

Charges for work performed on sponsored agreements during the academic year will be based on the individual's regular compensation for the continuous period,

which constitutes the basis of their salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event should charges to sponsored agreement, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. Note: ***The base salary for faculty is their actual academic (9-month) salary.***

Charges for work performed by faculty members on sponsored agreements during the summer months will be determined for each faculty member at a rate, not more than the base salary divided by the period to which the base salary relates. Note: ***UAH's calculates faculty summer salary as 40.5% of their academic base salary.***

If a PI spends less effort on the project than proposed and funded, the PI and the fiscally responsible unit should:
■ Review and adjust the salary charges.
■ Review any cost-sharing commitments.
■ Contract your OSP Administrator.

For **federal awards**, the PI must notify the sponsor in writing if they plan to reduce their level of effort by 25% or more from the awarded level. This notification must be routed through OSP for submission to the Grant Officer.

All communication with sponsors on other than exclusively technical matters should be coordinated through OSP!

Such reductions may also involve cost-sharing. If the PI's salary was being funded in part by the sponsor and in part by UAH, a decrease in effort must be coordinated with the sponsor for appropriate adjustments to cost-sharing. If not properly coordinated, the sponsor may require UAH to meet its full original cost-sharing commitment or

reduce the level of project funding. Discuss any planned changes with your OSP Administrator.

A complicating factor in charging faculty effort is the NIH cap on salaries, which limits the salary directly charged to NIH awards to selected Federal Executive Pay Levels and which generally vary from year to year. General principles about the NIH cap include:

(1) The salary cap applies to the rate of total institutional salary paid to the individual. If a faculty member earning is more than the cap charges 50% of their salary to a project, the salary charge is 50% of the cap amount—not of the full salary. For example, if the individual's salary is $200,000 per year and the individual spends 50% of their time on the project, and the NIH salary cap is $150,000 per year, the charge to the grant is 50 of the capped amount ($75,000) and the effort devoted to the project remains at 50%. The difference between the NIH cap and the individual's regular salary ($25,000) must be charged to unrestricted funds.

(2) An individual's total UAH salary is defined as the pay which an individual receives upon which benefits are calculated.

(3) Salary dollars above a salary cap level are **unallowable** costs and cannot be used to meet cost-sharing commitments, but are tracked and accounted for as part of UAH's Organized Research Base.

(4) At the time the award is made, NIH will fund salary up to the level of the salary cap in effect at that time. If during the period of the award, the salary cap is increased, it is permissible to use rebudgeting authority to pay the salary at the highest level. NIH, however, **will not** award any additional funds for this purpose.

The amount of the NIH salary cap varies from year to year. A summary of NIH salary cap rates can be found on the [NIH Office of Extramural Research](#) website.

4.3.2. Other Salaries and Wages

Salaries and wages of technical staff should be charges to the appropriate research account to reflect the individual's activity on the project. Salaries for research staff shall reflect the appropriate salary of the individual and the appropriate paid absences accrual charge. For example, for eligible vacation staff, it is appropriate to budget salary in addition to paid absences (annual, sick, personal, etc.) leave. Total annual salary and leave accrual should not exceed 52 weeks. Nine-month faculty and GRAs do not accrue paid absences, and their salary charges should reflect the appropriate salary distribution for their activities on the project.

[2 CFR 200.413(c)](#) states, "The salaries of administrative and clerical staff should be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

(a) Administrative or clerical services are **integral** to a project or activity;

(b) Individuals involved can be specially identified with the project or activity;

(c) Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and

(d) The costs are not also recovered as indirect costs.

Questions regarding the appropriateness of administrative charges to sponsored projects should be addressed with your OSP representative during proposal budget development.

4.4 Technical Materials

Technical material and supplies include:

(a) Non-capital equipment (any individual item of equipment costing less than $5,000);

(b) Laboratory supplies;

(c) Other supplies and materials used for the project's technical scope of work (for example, computer supplies, printing, lab notebooks).

(1) Technical material is a broad category of costs that contains all non-capital items as well as laboratory materials and supplies. The scope of work will determine the expenses in this category of cost. It is important to remember that non-salary costs, typically considered to be indirect costs ([per 2 CFR 200.420](#)), planned and used for the project's technical scope of work, are allowable as a direct charge. However, the expenses must be specifically identifiable and directly benefit the project.

(2) Goods and services used for research (including technical materials) shall be acquired using standard UAH policies and procedures. There are a variety of ways to order and receive materials used in the research project. Contact [Business Services](#) for additional information.

4.5 Equipment

Equipment is defined as an item of non-expendable, tangible personal property, having a useful life of more than one year, with an acquisition cost which equals or exceeds $5,000 and can stand alone (plug and play). Purchased and internally developed software have capitalization thresholds of $500,000 in compliance with updated accounting standards. Equipment fabrication is the building of a unique individual piece of equipment or scientific

instrument, which must comply with UAH Policy 07.02.06.

4.6 Telephone Toll Charges

2 CFR 200, Appendix III, 6(3)b(1) states that telephone toll charges are allowable direct expenses to a sponsored project. However, local telephone costs (the monthly charge for operating costs and equipment, installation, etc.) should be treated as F&A.

4.7 Travel Costs

In most cases, domestic travel costs are allowable expenses against sponsored projects. For most research awards, foreign travel is permitted, if proposed and approved without specific written authorization from the agency. Prior approval of foreign travel is required if not proposed and when charging to a contract.

It is a requirement to use a U.S. flag carrier for all travel directly charged to federal awards (refer to the sponsor policy for exceptions). Also, the airfare must be at the lowest available coach class rate. Check the university Travel Policy for the use of a foreign carrier and a description of how U.S. flag carriers can be identified on a ticket or ticket receipt.

In determining whether any specific travel expense is a legitimate charge to a particular sponsored project, one must consider:
      (a) How does the travel benefit the project?
      (b) Are there any travel restrictions in the terms and conditions.

Some sponsors may limit the amounts or types of travel allowed. Check the terms of the award for particular provisions on travel expenses, including pre-authorizations for certain types of travel, or line-item budget

restrictions related to travel. All travel must directly benefit the sponsored project. Documentation of the benefit to the project must appear in the comment section of the travel request. *NOTE: Effort must follow travel. In other words, effort must be charged to the same account or an unrestricted account that will reimburse the travel. Otherwise, a justification must be provided with the travel request, explaining how the costs benefit all applicable sponsored projects.*

4.8 Service/Recharge Center

Service/recharge centers are units that are established to provide goods and services to other UAH departments, centers, and, occasionally, external customers. These centers are essentially "small businesses" operated by a department or center, often to facilitate research activities. Charges from university established service centers are allowable costs when they provide a direct benefit to the project. UAH's service centers accumulate the costs of providing goods/services and bill these costs, utilizing user fees. Service/recharge center costs, therefore, may represent direct costs to UAH research programs. A complete description of UAH's Service Center policy is located on the Accounting and Financial Reporting website.

4.9 Subaward

A subaward is an award made by UAH to another organization (usually, but not always, a university) to help carry out the scientific and technical work under an award made by a sponsor to UAH. When UAH is the recipient of a prime award, the organization that UAH brings into the research program is known as the subrecipient, and the award to the subrecipient is a subcontract. The technical

language for such transactions appears in the federal regulations as follows:

"A subrecipient is the legal entity to which a subaward is made and which is accountable to the recipient for the use of funds provided. The term may include foreign or international organizations at the discretion of the federal awarding agency. A subrecipient is either an educational institution or a non-profit entity."

When another institution or entity performs a portion of the scope of work of a research project for which UAH is the prime awardee, the University will incorporate in the proposal to the prime sponsor, the description of the work to be performed by the collaborating subrecipient along with the budget. UAH must also obtain a letter of commitment from the subrecipient's Authorized Organization Representative (AOR). Once the award is made to UAH, a subcontract is issued by UAH to the collaborating institution.

At UAH, subrecipient agreements are executed by the Director, OSP. OSP website has information on how subcontracts are prepared and issued. It also explains the responsibilities assumed by the University for monitoring subcontracts, as required by the federal audit circular, 2 CFR 200, Subpart F, and the Compliance Supplement. See the preparation of the proposal budget in Chapter 2, Sponsored Programs Basics.

Remember that only the first $25,000 of any subrecipient (University, Non-profits, Colleges, and K-12) agreement is subject to the assessment of F&A. The excess of $25,000 is a modifier (i.e., excluded) from the Modified Total Direct Cost (MTDC) base and is therefore not subject to F&A for the life of the award/subcontract. *The F&A cap does not apply to vendors and*

consultants, F&A is applied to the full amount of the subcontract or agreement. One of the complexities with research collaborators is determining whether the relationship is a subrecipient agreement or a procurement (vendor) transaction. Characteristics of a subrecipient (as described in 2 CFR 200 Subpart F):

(a) Determines who is eligible to receive federal assistance;
(b) Its performance is measured against whether the objectives of the federal program are met:
(c) Responsible for programmatic decision making;
(d) Responsible for adherence to applicable federal programs compliance requirements;
(e) Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity; and
(f) The subcontractor's PI may be a co-author on publications or may seek patent protection for inventions.

Characteristics of a vendor (as described in 2 CFR 200, Subpart F):

(a) Provides the goods and services within normal business operations;
(b) Provides similar goods or services to many different purchasers;
(c) Operates in a competitive environment;
(d) Provides goods or services that are ancillary to the operation of the federal program; and
(e) It is not subject to the compliance requirements of the federal programs.

It is important to recognize that any terms and conditions accepted by UAH flow down to all recipients of federal funds under a

subcontract. Awards terms and conditions do not flow down to consultants.

In addition to ensuring that subcontractors abide by the terms and conditions of UAH subawards, UAH is responsible for ensuring that the federal funds it provides to another organization are spent per applicable laws and regulations. These subrecipients are monitored by UAH, much as federal sponsors monitor the University. Additionally, the subrecipient is responsible to UAH (including sending required reports) in the same way UAH is responsible to the prime sponsor.

The Subcontract Administrator with OSP is responsible for issuing subcontracts and consultant agreements, at the direction and with the information provided by the PI or their designee, via the Consultant/Subcontract Approval Request (CSAR) Form. If the subcontract needs to be modified, it must be done by OSP with a formal revision of the original subcontract.

4.10 Food and Beverages

Per 2 CFR 200.432 food-related expenses associated with a conference are allowable when:
    (a) The event at which the food expenses are incurred meets the below definition of "conference," and;
    (b) UAH pays the expenses as the sponsor or host of the event; and
    (c) In the case of NIH awards, the meals must be an integral and necessary part of the meeting/conference (i.e., business is transacted during the meal).

Food-related expenses associated with a conference are unallowable when:
    (a) The award is from NIH, and the primary purpose of the grant was to support a conference or meeting, or the food is for

recurring business meetings, such as staff meetings, which are being broadly considered as meetings for the primary purpose of disseminating technical information to justify charging meals or refreshment to costs to grants; or
    (b) The award is from NSF.

2 CFR 200.432 defines "conference" as a meeting, retreat, seminar, symposium, workshop, or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity [UAH] and necessary and reasonable for successful performance under the Federal award. NOTE: *Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed in a manner that minimizes costs to the Federal award.*

Auditors routinely question local food costs, and unless they find adequate documentation to show that the costs were associated with a bona fide technical conference or meeting, they might be disallowed. It is important to document how the food charges mainly benefit the project. If the PI knows in advance that a conference or meeting on campus with food service is necessary, then the expense should be included as part of the proposal submission and explained in the budget justification.

Meals while traveling for a sponsored project are allowable; however, on-campus meals eaten at a local business are rarely allowable on Federal sponsored projects. Food and beverage expenses are permissible only if they are explicitly identified in the approved budget or later approved by the sponsor.

When federal employees visit the campus, the PI should avoid directly charging costs

for their meals. Typically, government employees are restricted from accepting meals and other benefits from recipients of federal funding.

4.11 Compliance with the Allocation and Documentation Standard

That is the core principle of sponsored research projects. It is important to note that the allowability of a cost is solely determined by the Uniform Guidance (2 CFR 200) or the federal funding agency's policy (which must also comply with the Uniform Guidance.) Consequently, such determinations cannot be overridden by UAH's certification or approval that expense is otherwise allowable. However, 2 CFR 200 identifies some flexibility which may be used under certain circumstances as noted below:

"If an individual cost specifically benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If an individual cost specifically benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the cost may be allocated or transferred to benefited projects on a reasonable basis. This requires a methodology, documented at the time the cost is incurred, that allocates costs based on some common characteristic such as headcount, square feet, or some other criteria that reflects the benefit received by the projects. The criteria shall be consistently applied regardless of the projects' available funding."

This section of 2 CFR 200 provides the PI with an opportunity to charge expenses to inter-related research projects using a method that is reasonable but less burdensome than specific identification. In all cases, the methods used to allocate costs should be documented. For example, if laboratory supplies brought in bulk benefit four of a PIs inter-related projects, these costs may be assigned to each project on a reasonable basis. For instance, the cost may be assigned proportionately to each project's share of the total expenses for the inter-related project. If project #1 represents 30% of the aggregate expenses of the four projects, it would be reasonable to charge 30% of the laboratory supplies to project #1. When using this method, the PI does not have to track the precise amount of lab supplies used by each project. ∎

Chapter 5. Cost Sharing

Introduction

UAH has established policy 07.02.04 *Cost Sharing on Sponsored Programs* to comply with the requirements of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 2 CFR 200.306.

Cost-sharing is defined as project cost that is not reimbursed by the sponsor to support the scope of work defined by the federal or non-federal sponsored award. Cost-sharing, also known as matching, is funded by UAH or a third-party, which is generally a non-federal resource.

UAH strongly discourages cost-sharing, unless the federal or non-federal sponsor requires such a commitment. All committed cost-sharing must be tracked and may require reporting.

Cost-sharing expenditures must adhere to the same accounting, financial, legal, and regulatory requirements as direct cost expenditures on sponsored awards and must comply with the following:
(a) Federal or non-federal sponsored award terms and conditions;
(b) Federal regulations including restrictions for procurement and airfare;
(c) University-sponsored policies and guidelines; and
(d) Donor restrictions.

For federally-funded sponsored awards, Uniform Guidance Section 200.306 requires that cost-sharing funds are:
(a) Verifiable from the University's records.
(b) Not included as contributions for any other federal award.

(c) Necessary and reasonable for the accomplishment of the project or program objectives.
(d) Are allowable under Subpart E Cost Principles.
(e) Not paid from another federal award.
(f) Included in the approved budget when required by the Federal awarding agency.

Failure to document cost-sharing commitments from verifiable official University records could result in audit findings and require the return of federal funds to the sponsor.

5.1 Types of Cost-Share

5.1.1. Mandatory Committed Cost-Share: Costs required as a condition of the award that must be tracked and reported. Mandatory cost-share is required by the Sponsor and must be included in the proposal.

5.1.2. Voluntary Committed Cost-Share: Cost-share specifically pledged by UAH voluntarily that is quantified in either the proposal budget or narrative and becomes a binding requirement of the award, must be tracked, and may require reporting.

5.1.3. Voluntary Uncommitted Cost-Share: Any effort that is not included as part of the submitted proposal or upon acceptance of the award. Voluntary uncommitted cost-share does not need to be tracked or reported.

5.1.4. Over-the-Cap Salary: The portion of a faculty or staff member's salary and associated fringe benefits that exceed regulatory maximum imposed by the sponsor (e.g., National Institutes of Health salary cap). Over-the-cap salary cannot be used to meet a mandatory or voluntary

committed cost-sharing requirement since it is considered an unallowable cost to the sponsor.

5.1.5. In-Kind Cost Sharing: In-kind cost share is contributions wherein the value can be readily determined, verified, documented, and justified, but where no actual cash is transacted in securing the good or service. When applicable, an estimated value of the in-kind cost-share should be determined and documented based on the fair market value at the time of the accepting award. In-kind cost-share will be tracked utilizing UAH's In-Kind Cost Sharing Form.

Whether the cost-share is mandatory or voluntary, a commitment becomes binding once an award is made. For this reason, UAH strongly encourages limiting cost-sharing to what is mandated by the sponsor.

5.1.6. Who is responsible for identifying funds for cost-sharing? Identifying and providing resources for cost-share of direct costs is the responsibility of the PI, and this information must be included in the proposal budget. *In most instances, the OVPRED **will not** cost-share F&A. See UAH Policy 07.02.07, Indirect Cost Waiver.*

Note: Cost-share can be a cash contribution or in-kind. *It is UAH's policy not to cost-share on commercial or for-profit entities.*

5.1.7. Cash Contribution
UAH's cash contribution, including the outlay of money, contributed by third parties. For example:
    (a) UAH Tuition for GRA Effort (only identified as cost-sharing when the research proposal explicitly makes a cost-share commitment)
    (b) An explicit commitment to cost-share salary, fringe benefits, and F&A.

5.1.8. In-kind Contributions: Includes non-cash contributions such as services, equipment, supplies, or real property.

5.2. Ineligible Cost Share

The following expenses CANNOT be used as cost-share commitments in sponsored proposals.

5.2.1. Other Federal Awards: The PI may NOT utilize funds from one Federal award as cost-share on another Federal award. The PI may use funds from non-federal awards as the source of cost-share on federal awards when specifically allowed by the federal sponsor.

5.2.2. Use of UAH-Owned Equipment: Cost-sharing of equipment in UAH's current inventory **is not allowed.** The reason for this is twofold:
    (a) The sponsor is already paying for a portion of it through the F&A rate calculation; and
    (b) The equipment was not procured for use on the project.
    (c) The use of UAH facilities is recovered from sponsors through the application of F&A cost rate. Therefore, offering UAH space or facilities as cost-share is not permitted as these costs are F&A, not direct costs.
    (d) 2 CFR 200 Subpart E provides a list of the expenses that are unallowable either as a direct or indirect charge to federal grants and contracts.
    (e) NIH has a salary cap that limits the salary amount that may be awarded and charged to NIH grants and contracts. The university may pay an individual's salary amount above the salary cap with non-federal funds. However, this difference cannot be used for cost-share.

5.3 Tracking Cost Sharing

The PI must ensure that all cost-sharing commitments (mandatory and voluntary) made as a condition of the award are met, properly recorded, and documented. OSP creates cost-share accounts linked to the prime award.

5.4 UAH Funded Cash Contribution

The PI or designee is responsible for completing the cost-share commitment form. OSP will create a cost-share account. Budget and Management will transfer funds for the cost-share to the cost-share account. The PI is then responsible for charging committed costs to this account.

5.5 Donated Supplies and Materials

Documentation from the sponsor that includes the value of the donated materials and supplies must be provided to CG&A to substantiate that the commitment has been fulfilled.

5.6 PI Responsibilities:

(a) Monitoring the committed cost-share through verifiable University records throughout the entire award period.
(b) Providing cost-share information to C&G Accounting for reporting.
(c) Upon closeout, providing cost-share information and confirming the cost-share commitment was met, and coordinate with C&G Accounting to resolve any cost-share discrepancies.
(d) Assuming any financial loss if the cost-share obligations are not met and the sponsor does not approve a reduction of the commitment.

5.7 OSP Responsibilities:

(a) Review the proposals for cost-share commitments and determining if the proposed cost-sharing is allowable and compliant with the sponsor and University policies. Also, ensure the appropriate approvals for cost-sharing sources are obtained.
(b) Determine whether there have been any changes to the proposed cost-sharing commitments;
(c) Confirm with the cost-share commitment unit that cost-share funds are available, and
(d) Requesting a renegotiation of the cost-share commitment from the sponsor if cost-sharing obligation cannot be met (Note: If the sponsor is unwilling to renegotiate the cost-sharing terms of the award, the University may be forced to decline the award.)

5.8 Contracts & Grants Accounting Responsibilities:

During the award period and at award closeout
(a) Confirm that the cost-share has been met and complies with University and sponsor policy;
(b) Coordinate with PI to address and clarify potential cost-sharing issues and, if necessary, resolve with fiscally responsible officials; and
(c) Report cost-share commitment to sponsor.

Note: Committed cost-share must be recorded, and updated throughout the award lifecycle; for compliance monitoring and reporting. ∎

Chapter 6. Administrative Salaries

Administrative Expenses

UAH must comply with federal regulations, UAH Cost Accounting Standards (CAS) and, the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200, (Uniform Guidance).

CAS 9905.502 requires that universities classify costs consistently as either direct costs of projects or indirect costs benefiting multiple activities. CAS 9905.502 states, "All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to final cost objectives." The Uniform Guidance part 200.413(c) states, "the salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs."

Given these federal regulations, UAH normally treats administrative and clerical salaries as indirect costs. However, the Uniform Guidance provides criteria that, if met, can justify the inclusion of administrative and clerical salaries as direct charges on federal awards. Therefore, administrative and clerical salaries should be included as direct charges on federal awards ONLY when they meet all of the following Uniform Guidance criteria:

(1) Administrative or clerical services are integral to a project or activity;

(2) An individual or specific role can be specifically identified with the project or activity; AND

(3) Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency.

Administrative and clerical salaries charged improperly to federal awards will result in unallowable costs, requiring reimbursement to the government and, depending on the severity, additional penalties for UAH.

6.1 Who Must Comply

All colleges and centers PIs and administrators at UAH involved with the administration and conduct of federally funded sponsored awards must comply with this policy.

6.2 Procedures

The determination that administrative and clerical salaries ("admin salaries") may be included in a federal proposal and charged to an award cannot be based solely on the discretion of an individual PI or managing unit.

OSP will review, verify, and approve to ensure the request for admin salaries on a federal award meets the conditions of the Uniform Guidance and UAH cost policy.

A justification for administrative salaries charged to sponsored research must be included in the proposal. If the administrative expense **does not** meet the criteria for direct charging as described above, the expense should not be proposed or charged as direct cost to the project. See Figure 6.1 to determine if the administrative salary is an allowable direct charge to your project.

Questions regarding the appropriateness of administrative charges to sponsored projects should be directed to your C&G Accountant.

Before allocation of expenses cross two or more inter-related projects, consult with Contracts and Grants Accounting ∎

Figure 6.1: Charging Administrative and Clerical Salary on Federally Funded Projects Flow-Chart
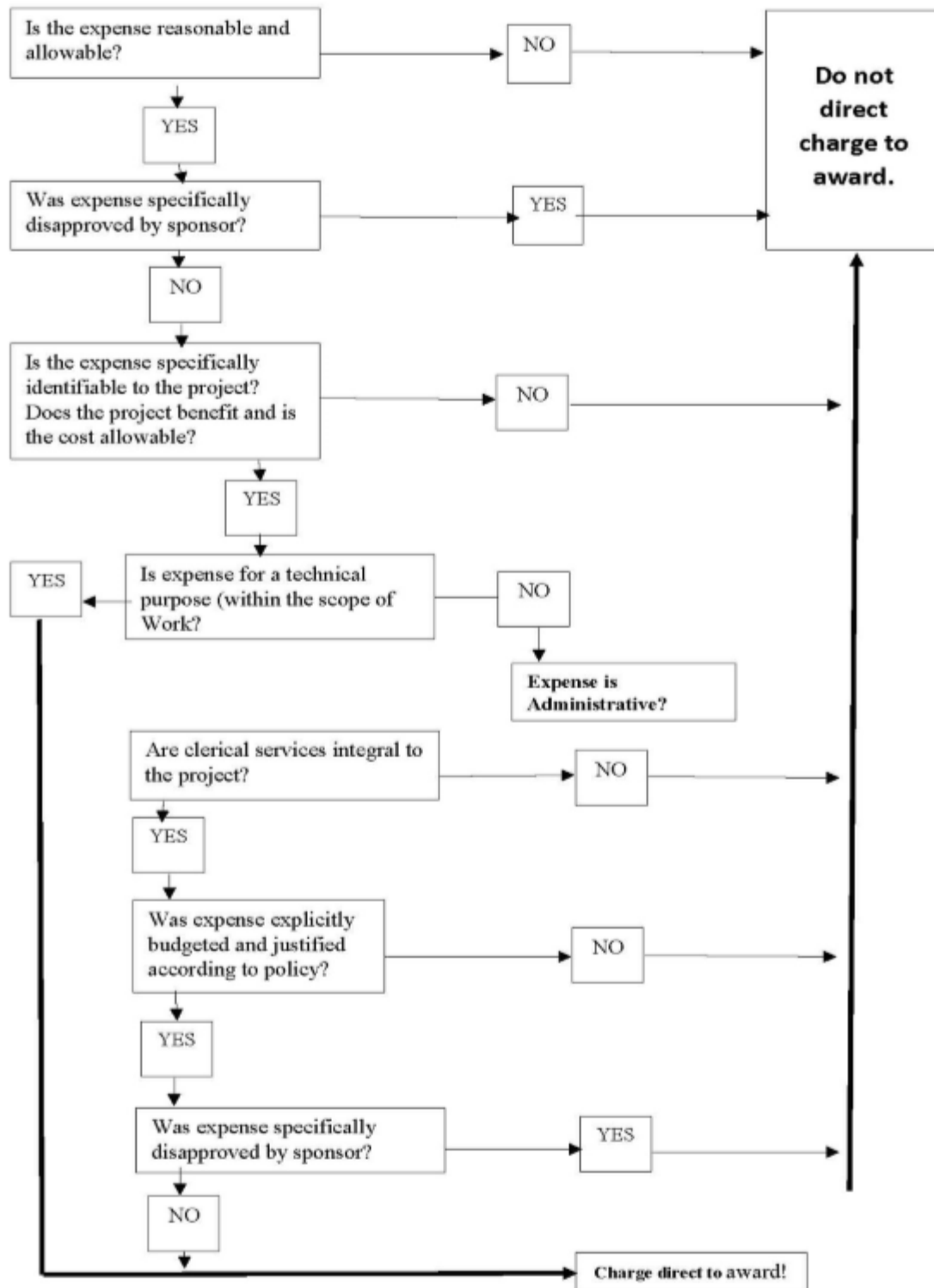
The flowchart above will help you determine if administrative expenses are allowable.

Chapter 7. Costs Transfers

Introduction

A costs transfer is a reassignment (transfer) of charges within or between accounts (sponsored projects and state) and account codes. They are created in departments, centers, service centers, to transfer cost to the appropriate account or for other reasons associated with the unit's regular financial operations. When cost transfers of expenses involve <u>sponsored projects,</u> the transfer must meet the rules for allowability, allocability, reasonableness, and consistency (see Chapter 1: The Environment for Research).

7.1 Roles and Responsibilities

The PI's primary responsibility is to ensure compliance with federal regulations as well as the monitoring of expenditures, timely correction of errors, and proper allocation of expenses.

7.2 When Are Costs Transfers Allowed?

[Uniform Guidance 2 CFR 200.405(c)](#) states "any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations, or terms and conditions of the federal awards, or for other reason."

[UAH Cost Policy](#) states "transferring costs between accounts is considered legitimate only when necessary to correct an error, properly allocate charges between accounts involving closely related work, or redistributing charges in those few cases where the university's billing systems will not allow for charging the appropriate amount to the proper accounts upon original posting."

UAH allows cost transfer involving sponsored projects only under special circumstance, including:

    A. Error correction.

    B. Transfers between accounts of the same sponsored project (e.g., prime to cost share or cost-share to prime).

    C. Costs are benefiting more than one sponsored project.

    D. Transfer of retroactive expenses (including pre-award costs) on a project necessitated by a delay in finalizing contract negotiation.

Any time you initiate a transfer, you invite the assumption that the transaction was not appropriately handled initially. If expenses are being transferred to a sponsored project, there will be considerable scrutiny of the reason for the transfer, and the justification for moving those charges.

If a project has an overrun, there is a presumption that any proposed cost transfer is to cover the overrun, and it would not be allowed. If you encounter this situation, please contact your [C&G Accountant](#) for guidance. A journal entry must be made to transfer the overrun to an appropriate state account.

7.3 Criteria for Costs Transfers

Cost transfers must be made "promptly" or not later than 90 days from the original transaction.

Costs transfers made 91 to 120 days after the original transaction, will require the PI signature and department chair/center director signature.

Costs transfers made 120+ days after the original transaction will require the signatures of the PI, department chair/center director, and dean.

Costs transfers must:

A. Conform to university and sponsor policies (is it allowable, allocable, reasonable, and consistent?)

B. Be timely:

(1) Costs transfer should be prepared and submitted as soon as the need for a transfer is identified but no later than 90 days after the posting of the original transaction.

(2) Costs transfers outside of the 90 days will require additional documentation and an explanation of the extenuating circumstance that prevented the transaction from being completed earlier.

C. Fully Documented: Cost transfers must contain a justification that clearly shows:

(1) A benefit to the receiving project

(2) Allowability and allocability to the new sponsored project.

(3) Reason for transfer.

(4) Systemic causes are corrected so they will not recur.

(5) The reason for any delay in the timely processing of the transfer if the transfer date exceeds the period noted above.

(6) It was reviewed by a knowledgeable person (PI).

A good justification will allow anyone to review the cost transfer and understand how the expense benefits the receiving sponsored project. It should answer: **who, what, where, when, and why.** It should be easily understood by anyone reviewing the journal entry (think: "If I leave, will an auditor be able to understand this two years from now?"). It should include documentation to support the justification.

D. Have appropriate approvals. A journal entry in BANNER is used to process a costs transfer. All costs should be charged to the correct account when they are incurred; however, cost transfer is sometimes necessary.

7.4 Costs Transfers: Summary

When preparing to transfer an expense, always review the transaction and the documentation provided to support it. Have you clearly shown that:

A. The expense directly benefits the receiving project.

B. The expense is allowable on the receiving account.

C. There are no restrictions that preclude this transfer (e.g., restrictions on travel or equipment).

D. The transfer complies with all UAH policies.

E. The reasons the expense was charged incorrectly to the first account.

F. The reasons for any delay in a timely processing of the transfer.

G. Any systemic problems that might cause a repeat has been addressed.

7.5 Unallowable Costs Transfers

Costs transfers that are generally unallowable, regardless of the date of the original transaction, or the original amount, includes those transfers that affect:

A. a previously submitted financial report;

B. a carryforward request required by the sponsor;

C. a previously submitted final invoice; or

D. a final expenditure confirmed previously.

Exceptions are rare and will require the review and approval of Contracts and Grants Accounting. See Figure 7.1 Transferring Expenses off a Sponsored Project. ∎
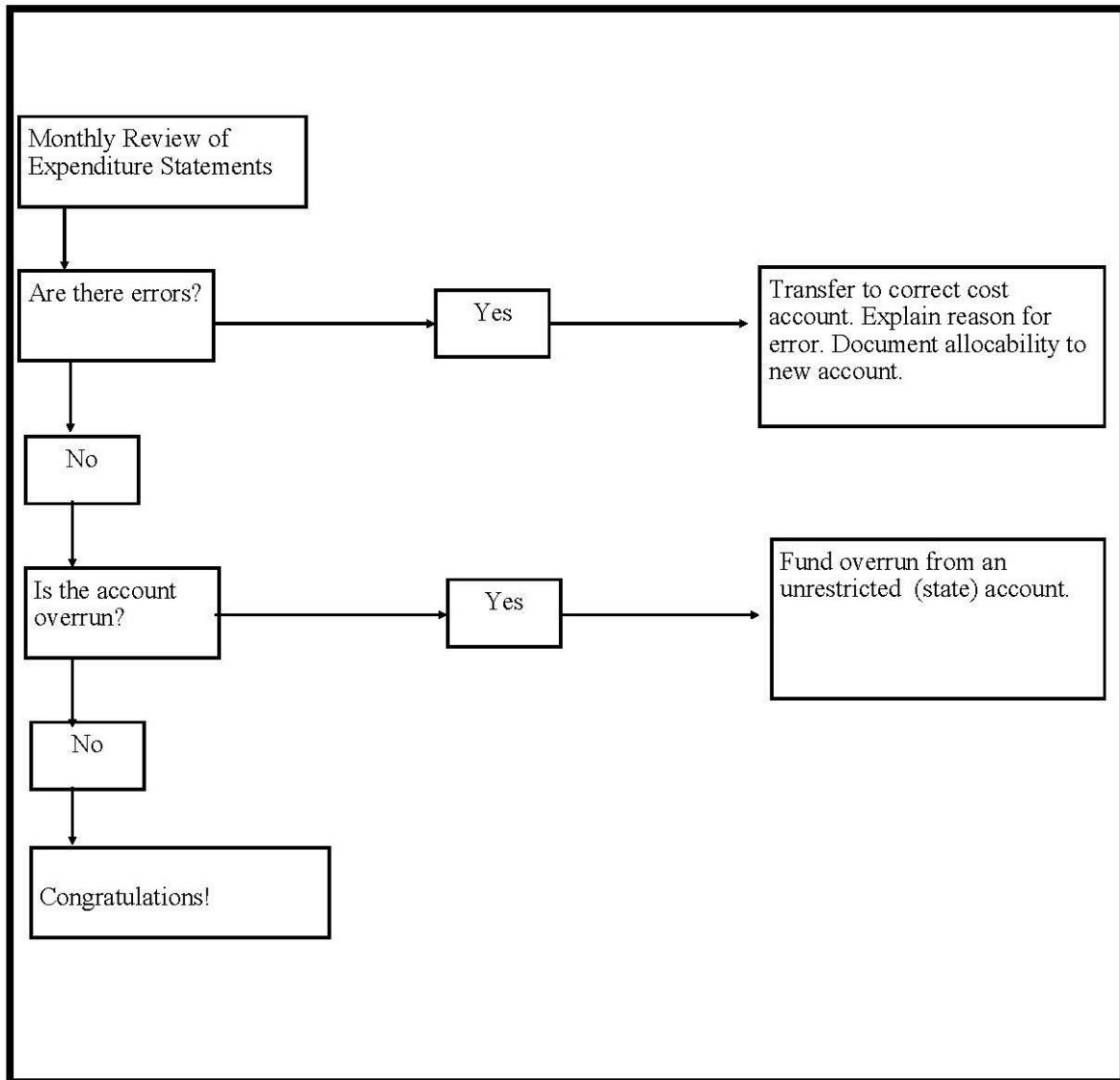
Figure 7.1 Transferring Expenses off Sponsored Project

Chapter 8. Equipment Purchase & Property Management

UAH's responsibility for government-owned property extends from the initial acquisition and receipt of property, through use, maintenance, and disposition until formally relieved of responsibility by authorized means. The following procedures apply to all government-owned property under UAH's accountability, stewardship, possession, or control.

2 CFR 200.312(a) "Title to federally-owned property remains vested in the Federal Government. Recipients shall submit annually an inventory listing of federally-owned property in their custody to the Federal awarding agency. Upon completion of the award or when the property is no longer needed, the recipient shall report the property to the Federal awarding agency for further Federal agency utilization."

8.1 Government-owned Property

Government-owned Property Definition "Government-owned property" is all property where the federal government retains the title. Government-owned property includes government-furnished property (GFP) and government-titled equipment (GTE).

(a) Government-furnished property (GFP) is the property in possession of, or directly acquired by, the government and subsequently furnished to the university for the performance of a contract. The government-furnished property includes material, special tooling, special test equipment, and real property. Title to government-furnished property always vests in the Federal awarding agency and may be recalled at the agency's discretion.

(b) Government-titled Equipment (GTE) is property purchased or fabricated with federal funds to which the government retains the title. Approval of the Contracting

Officer is required before the purchase of GTE. The acquisition (or fabrication) of GTE is further subject to the terms of the funding agency. GTE may also be referred to as non-federal agency-acquired property.

8.2 Compliance Requirements

UAH is required to comply with the following requirements for property management on grants and contracts:
- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 (Uniform Guidance)
- UAH Property Control System Manual
- Federal Acquisition Regulations (FAR), specifically Parts 45 and 52.245
- Defense Federal Acquisition Regulations (DFARS), specifically Parts 345 and 252
- NASA Grants Handbook specifically Sections 1260.130 – 1260.137

8.3 Roles and Responsibilities

Each department, college, and center is responsible for the management of government-owned property, including affixing government tags, obtaining sponsoring agency approvals, preparing government inventory reports, and notifying OSP upon receipt.

(a) Principal Investigator(PI): The PI is responsible for the care, maintenance, physical inventory, and control of all government-owned property and for notifying Assets Management of any property received, any shortage, damage, loss, or theft, and relocation.

(b) Unit Property Custodian: is the unit designee who oversees department management of government-owned property. The custodian is responsible for managing the care, maintenance, physical

inventory, and control of all government-owned property and for working with Assets Management and the Office of Sponsored Programs to fulfill all government reporting requirements.

(c) Office for Sponsored Programs (OSP): is responsible for submitting the annual property reports to the government, including DOD Form 1662 and NASA Form 1018. OSP works with Assets Management to coordinate the annual Property System Control Analysis (PCSA) with the Office of Naval Research (ONR) Property Administrator.

(d) Property Administrator: is the representative of the Office of Naval Research (ONR) assigned to administer contracts with FAR, DFARS, or other property-related requirements/terms and conditions. The Property Administrator authorizes government property reports and closeout procedures. The Property Administrator also performs the Property System Control Analysis (PCSA) to review UAH's ability to protect, preserve, account for, and control government-owned property under awards that have been delegated to ONR for administration.

8.4 Major and Minor Equipment

Equipment is an article of nonexpendable, tangible personal property. Capital equipment has a unit cost of $5,000 or greater. Minor equipment has a unit cost between $500 and $4,999. In addition, equipment:

(a) Must have a useful life of more than one year;

(b) Must be movable, i.e., not affixed to the building or structure.; and

(c) It must stand alone (plug and play).

8.4.1 Capital (Major) Equipment

Federal government regulations allow institutions to set their own capitalization threshold up to $5,000. UAH's policy defines capital equipment as equipment with an acquisition cost of $5,000 or more, a useful life of more than one year, and stand along. Additionally, the federal government does not allow capital equipment to be included in the Modified Total Direct Cost (MTDC) base. It is for this reason that F&A cannot be recovered on capital equipment charged to research awards.

8.4.2 Minor Equipment

Minor equipment is defined as equipment with an acquisition cost between $500 and $4,999. Minor equipment is included in the Modified Total Direct Cost (MTDC) base. Therefore F&A is applied to minor equipment charged to research awards. Minor equipment is not subject to sponsor requirements governing capital equipment.

8.5 Sponsor Terms and Conditions for Major and Minor Equipment

Capital equipment purchases are subject to agency/sponsor regulations and award terms and conditions. Requirements associated with the purchase of minor equipment are consistent with those for materials and services.

It is important to check the terms and conditions of any particular award for information related to the acquisition, ownership, and disposition of capital equipment.
Some awards do not allow the purchase of particular types of equipment, such as. General-purpose equipment, for example, while other awards are made specifically for the purchase of equipment and do not permit other types of expenditures. Some awards require pre-approval by the sponsor before

equipment may be purchased. The appropriate terms and conditions appear in the Notice of Award; they can also be found in the Agency Award Guidelines.

8.6 Purchasing Equipment on Sponsored Research Projects

Prior to acquisition, the requisitioning department will make a reasonable effort to ascertain whether like and acceptable surplus equipment is available within the University system. 2 CFR 200.318(d) requires avoiding unnecessary purchases. This effort should include:

(a) Review departmental surplus for excess equipment that would be suitable for use.

(b) Review campus surplus for excess equipment that would be suitable for use.

(c) Review system wide surplus for excess equipment that would be suitable for use.

The review process should include contacting Assets Management to determine availability of surplus equipment the university may have in its control and is similar or functionally equivalent to the equipment being considered for acquisition.

Is this equipment allowable?
Equipment that is purchased on a sponsored project must be necessary for the performance of the project and be consistent with Federal regulations, the requirements of the sponsor and the terms and conditions of the award to which the equipment will be charged.

When it is anticipated that the performance of a sponsored project will require acquisition of equipment, the PI should review the program announcement,

solicitation, sponsor's policy, etc. to ensure that the equipment is allowed on the project prior to proposing it. The proposal budget justification should explain the need for the equipment.

Prior to making any equipment purchases, the PI should review the terms and conditions of the award to make sure that there are not any sponsor provisions that precludes the equipment purchase without sponsor approval. *Note: Special provisions are noted on the OSP Document Approval Sheet (DAS) which requires the PI review and signature prior to the award being accepted and set up*. Here are a few examples of sponsor clauses regarding equipment purchases:

■ Equipment may be purchased without approval.
■ General purpose items may not be purchased without prior approval.
■ All equipment purchases require prior approval.
■ Equipment may not be purchased.

Is the equipment purchase reasonable?
The purchase of equipment must be reasonable with respect to timing and cost. If equipment is necessary for the performance of a project, it is anticipated that the equipment will be purchased in the initial stages of the project, not at the end of the project. The purchase of equipment should also be reasonable with respect to cost. While it may be impossible to precisely budget for the acquisition cost of equipment at the time the proposal is submitted, under normal circumstances the actual purchase price of equipment should approximate the amount in the approved award budget.

It is important for the PI to review the sponsor policy and terms and conditions

of the award before using funds approved for equipment purchases for other purposes, or to use other award funds to purchase equipment. Sponsor policies and award terms and conditions vary in the amount of flexibility that the PI has in rebudgeting award funds between various cost categories.

8.7 Use of Equipment During and After the Period of Project Performance

The PI should review the sponsor policy and award terms and conditions to determine what restrictions, if any, exist for the use of equipment. The primary use of equipment purchased on a federally sponsored project should be for the performance of that sponsored project. However, federal regulations include a "hierarchy of use" that permits the equipment to be used for other federal projects; first on the other projects funded by the agency that paid for the equipment and next on projects funded by other federal agencies.

After the period of performance there is typically no restriction on UAH's use of sponsor-funded equipment if the title vest with UAH. When the sponsor retains title to the equipment it has funded or furnished, the sponsor's policies and award terms and conditions should be reviewed to determine the appropriate use and disposition of the equipment.

For questions regarding inclusion of equipment items in proposals, contact your OSP administrator. For questions regarding equipment purchases, tagging and recording, contact the OSP Government Property Specialist (or Government Property Reference Manual on OSP website).

8.8 Types of Equipment

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

8.8.1 General Purpose Equipment is equipment, the use of which is not limited only to research, medical, scientific or other technical activities. Examples of general purpose equipment include office equipment and furnishings, reproduction and printing equipment, laptops, computers and motor vehicles.

Similar to the rules for the direct charging of administrative expenses, a parallel requirement for adequate budget justification exists whenever "general purpose" equipment is charged to a project. Federal regulations stipulate that the cost of multi-use equipment used for general purpose should not be direct-charged to sponsored projects. Multi-use general purpose equipment should be purchased using unrestricted funds. If general purpose equipment is necessary for the performance of the sponsored project, the budget justification should include detailed information linking the equipment acquisition to the technical work of the project.

8.8.2 Fabricated Equipment– Many research projects include the design, development and building of equipment that is not available commercially. Equipment that cannot be purchased "off the shelf," and built by the research team, is fabricated equipment. Note: in some instances, the material and supplies needed to fabricate the equipment may receive waived F&A. The PI must seek approval to waive F&A on the materials and supplies, from the OVPR, at the proposal stage. See Indirect (F&A) Cost Rate Exception Request/Approval on the OSP Website. (There are instances where

the whole research project is the fabrication of equipment, e.g. NSF MRI.)

8.8.3 Characteristics of Fabricated Equipment
■ Unique, specialized equipment.
■ Not commercially available.
■ Useful life of more than 1 year.
■ Aggregate cost of materials and services is $5,000 or more (excluding labor costs).
■ May require sponsor approval.

For example: The act of putting together a CPU, monitor, and keyboard does not meet the definition of a fabrication, since the computer system is not unique.

Note that F&A is charged to all materials and supplies of the fabricated equipment unless prior approval from the OVPRED is obtained and the fabricated equipment will vest with UAH, in other words, it is not a deliverable.

8.9 Disposition of Equipment

Disposition of equipment occurs when the equipment is no longer needed for the sponsored project; in most cases, this occurs was the project nears completion. Disposition activities include reutilization, transferring equipment to other awards or institutions, selling, or returning the equipment to the sponsor. If equipment is broken or obsolete, it may be eligible for disposal as scrap. PIs must coordinate equipment disposition with OSP Government Property Specialist.

8.10 Sponsor-owned Equipment and Property

In some situations a sponsor may provide award funds for the purchase of equipment

or property but may retain ownership of the asset. Property which is owned by the sponsor may have acquisition and reporting thresholds that differ from UAH's, so the award terms and conditions must be reviewed for specific requirements related to acquisition, use, maintenance, and disposition of equipment.

A sponsor may also furnish equipment to be used in the performance of a sponsored project. Again, the award terms and conditions should be carefully reviewed to ensure compliance with sponsored requirements.

8.11 Responsibilities for Sponsored-Funded/Owned Property

UAH is responsible for the control of sponsored-funded/owned property provided under the terms of sponsored project contracts and certain sponsored project grants. The university delegates the direct control, maintenance, and accountability of sponsored-funded/owned property used in connection with a contract or grant to the PI.

University policies and procedures on control of sponsor-funded/owned property are established by UAH Asset Management, Business Services and the OSP Government Property Specialist to ensure compliance with contractual requirements. UAH delegates oversight of sponsor-funded/owned property to OSP.

8.12 Property Management

The performance of sponsored projects may require the acquisition of equipment by UAH. The equipment may be purchased by UAH using university funds, or the equipment may be budgeted as a direct cost of the project and paid for with sponsor

funds. In some situations the equipment may be donated by third parties or furnished by the sponsor. The requirements associated with the management of equipment and other property acquired by UAH vary depending on the dollar value of the acquisition, the source of funding and the method of acquisition.

8.13 Federally-Owned Property

Property purchased by federal funds is affixed with a UAH property tag and internally tracked. Particular care must be exercised to prevent loss, damage, or theft of property. The departmental property custodian shall investigate and fully document any loss, damage, or theft of nonexpendable property. If the property was owned by the federal government, the federal sponsoring agency and the property administrator at the federal cognizant agency must be notified.

As required by the cognizant federal agency, the University shall report the total acquisition cost of federally-owned property for which the University is accountable under each contract with each agency, including federally-owned property in the possession of subcontractors.

Federal property may under no circumstance be used for purposes not specifically authorized in writing by the sponsoring agency.

Disposal of federal property is subject to the provisions of 2 CFR 200, OMB Circular A-110, FAR Subpart 45.6, and the approval and conditions of the sponsoring agency. Written approval from the federal sponsoring agency must be obtained prior to requesting authorization for disposal.

Property records shall be maintained accurately and shall include, per 2 CFR 200 and OMB Circular A-110:
  (1) A description of the property.
  (2) Manufacturer's serial number, model number, or other identification number.
  (3) Source of the property, including grant or other agreement number.
  (4) Whether title vests in the university or the federal government.
  (5) Acquisition date (or date received, if the property was furnished by the federal government) and cost.

The Government Property Specialist have additional important information on the request, management, and disposition of fabricated equipment acquired under sponsored projects. ■

Chapter 9. Project Monitoring

This chapter addresses a variety of issues that arise during the performance, completion,

and closeout phases of a sponsored project. If you have not read Chapter 2, Sponsored Programs Basics, sections entitled "Preparation of the Proposal Budget,"

"Management of Project Expenditures," and "Special Requirements Related to Sponsor Notification and Prior Approvals," you should do so before reading this Chapter.

9.1 Overall Responsibility and Delegation of Authority

Responsibilities for university funds are delegated from the University of Alabama Board of Trustees to a number of university personnel. General responsibilities are described below.

9.1.1 General Responsibility
The university has delegated to deans, center directors, department chairs, PIs and other personnel the responsibility for management of funds. Specifically, PIs have been delegated the responsibility for the management of funds they supervise. The PIs have the authority to expend funds to accomplish their responsibilities, and are responsible for assuring that expenditures charged to their accounts are:
    (1)   Reasonable and necessary.
    (2)   Consistent with established university policies and practices.
    (3)   Applicable to the work of the university including research, instructions, and public service.
    (4) Consistent with sponsor or donor expenditure restrictions.

9.1.2 Overall Responsibility for Sponsored Programs
The PI has overall responsibility for the technical and fiscal management of a sponsored project. This includes the management of the project within the funding limitations of the sponsored award, and assurance that the sponsor will be notified when significant conditions related to the project status change. While responsibility for the day-to-day management of project finances may be delegated to administrative or other staff, accountability for compliance with UAH policy and sponsor requirements ultimately rests with the PI.

9.1.3 Delegation of Authority
The authority to create and approve transactions for the purchase of services and materials on a project account may be delegated by the PI. The PI retains accountability for prudent control of the project costs and may place limits on the dollar level and the types of expenditures for which authority is delegated.

9.1.4 Limitations on Delegation of Authority:
    (1) Expense Reimbursement: No person may approve their own expense reimbursement, or the expense reimbursement of an individual to whom they reports either directly or indirectly. Expense reimbursement, which requires two or more signatures, must have the signatures of the person incurring the expense and the person responsible for management of the account, or a properly delegated person (e.g., immediate supervisor).
    (2) Salaries: No person may authorize any HR or payroll transaction that affects their own salary, or HR or payroll transactions that affect the salary of an individual to whom they reports either directly or indirectly.
    (3) Conflict of Interest: No person may authorize a payment of a business or individual where there is a conflict of interest. **REMEMBER,** when authorizing direct charges to a sponsored project, the originating unit must assure that:
    (a) The estimated charge is reasonable and necessary.
    (b) The expenditure is allowed by the funding source and, if a charge to a federally funded project.
    (c) The expenditure is allocable to the project, i.e., provides benefit to the project.

(d) The funds are available within the authorized award amount and funding limitations, and the authorized period of performance.

(e) The justification for the expenditure is documented.

(f) The method of allocation of cost is appropriate.

(g) The charge is coded with the correct account code and charged to the correct org code.

(h) The charge has been processed through the appropriate university department.

9.2 Pre-Award Costs

Does the Project need an account established at Risk?
EXAMPLE: Are there problems with this scenario? An award is expected in two months. A GRA currently working in this area needs to be funded. The PI will "charge the student to another project and then transfer the costs when the real award comes in."

Problem
The student's effort should NOT be charged to any project which does not benefit from that effort. If the student is working in an area that does not relate to the project being charged, then the charge cannot be allocated to that project. The charge is both unallowable and unallocable and is reportable under the Federal False Claims Act. This charge cannot be approved, even if the charges will be transferred later.

REMEMBER, sponsored project accounts are not be used as holding accounts!

Solution
If the sponsor allows pre-award costs, OSP will create an account provided that the responsible unit assumes financial responsibility. Be aware that some sponsors on some awards may not allow pre-award costs or may limit the period of time in which such charges may be incurred. Check sponsor guidelines and confer with your OSP administrator before incurring such expenses.

When and how should a PI request to have a new account established at Risk?
(1) If you know an award is forthcoming, review sponsor guidelines regarding pre-award costs. Certain agencies, programs or award types (such as contracts) may have specific rules governing pre-award expenses. Some sponsors may limit the dollar value of such charges, or may set time limits for their expenditures. Confer with your OSP representative if you need assistance understanding sponsor guidelines.

(2) With the designation of an unrestricted source of funding, the PI may request OSP to create a new account (not billable to sponsor). In such circumstances, the PI must assume all financial risk associated with the possible inability of UAH to negotiate or receive an acceptable fully executed award from the sponsor. The request to establish a new account at risk must be submitted in writing by the PI and endorsed by (a) an individual authorized to commit the source of back up funding and (b) approved by the OVPRED. Click the link for additional information on the Risk Memo Process.

REMEMBER, Setting up a new account when appropriate can save time and trouble in the long run. Any time charges are being transferred into a sponsored project account, as they would be if you were transferring them to the proper account, careful documentation and justification will be required. It is easier to place the charges where they belong from the beginning!

9.3 Spending

When should expenses be reviewed and correction be processed?

BANNER Account Statements, prepared and issued by General Accounting, are the official record of project expenses and the basis for cost reimbursements to UAH.

Account statements for sponsored projects and cost sharing accounts should be reviewed each month by a knowledgeable individual, i.e., the PI or designee, so that adjustments, if necessary, can be made in a timely manner. To be considered timely, monthly expenditures must be reviewed and adjustments made within two months of the end of the month being reviewed.

A "PI Projects Dashboard" link active in *myUAH* for Principal Investigators under the Research section. This link will display active Sponsored Research Projects and includes financial information and period of performance dates. If you have questions about this new dashboard, please contact your department staff.

Any questionable charges must be brought promptly to CG&A's attention and, if needed, corrected by an appropriate transfer. Transfers should be initiated as soon as possible after a need has been identified. Whenever expenses are moved to or between sponsored project accounts, the PI must assure that the project which ultimately pays the expense is the project which benefited from that expense., and that there is adequate documentation to support the appropriateness of the transaction. **REMEMBER,** when correcting project expenses:
  (a) Make corrections in a timely manner.
  (b) Explain carefully and completely the reason for the transfer.

When is sponsor approval or notification required?

Uniform Guidance 2 CFR 200 establishes the approved project budget as the financial expression of the project, and sponsors may evaluate the project against the budget at any time. Although sponsors allow certain flexibilities with regard to rebudgeting, unobligated balances, and pre-award costs, UAH and sponsors expects expenditures to be reasonably consistent with the approved project and budget. Sponsors may question or disallow expenditures that appear inconsistent with the project plan and budget and program plan revisions indicate a significant change in scope.

For federal grants, advanced written approval by the Sponsor's Grant Officer (not program officer) is required for:
  (a) Change in project scope.
  (b) Reduction in PI level of effort by 25% or more, which also includes the PI's absence from the project for more than 3 months. In addition to prior approval requirements for any change in project scope or effort of key personnel, for federal cost-type contracts, PIs must assure compliance with the Limitation of Funds and/or Limitation of Cost clauses which includes the requirements that:
    (1) The university notify the sponsoring agency in writing at any time that there is reason to believe the total cost to the government for the performance of the project will be greater or substantially less than the estimated cost, and further.
    (2) The university notify the sponsoring agency if, at any time, there is reason to believe that the costs which are expected to be incurred in the next succeeding 60 days, when added to all costs previously incurred, will exceed 75% of the specified estimated costs.
    (3) If a PI spends less effort on the project than proposed, then the PI and the responsible designee should:
    ● Review and adjust salary charges
    ● Review any cost sharing

commitments.

(4) In addition, for **federal awards**, the PI must notify the sponsor in writing if they plan to reduce their level of effort by any significant amount from the awarded level. The notification must be routed through OSP for submission to the Grant Officer.

- Purchase of equipment not proposed and approved.
- Foreign travel
- Realignment of Participant Support Funds.

All approval, prior approval requests or notifications should be written by the PI and endorsed and submitted by OSP.

9.4 Late Expenses

Expenses including salaries, may not be charged to a project after the project end date unless the effort was provided or the goods or services were acquired and consumed during the project period of performance. An exception may be made if specific written approval was received from the sponsor.

Question
How late is it "safe" to order technical supplies or other project materials?
Answer
Anytime, as long as the materials will be ACQUIRED, PAYED FOR, AND CONSUMED during the project period of performance.

If a requisition is submitted 60 days before the project end date, and the materials are received after the project end date, the expenses will be considered unallowable and unallocable to that project.

Committed dollars for an expense does NOT mean that the item was USED during the project period. Note: if you order equipment at the end of a project period, it is not likely

that the equipment will be used for project performance.

Example
Are either or both of these project costs allowable?

Equipment Acquisition example
Equipment costs are allowable to the project, as long as there is documentation that the equipment was actually ordered, received, and used specifically on the project **during** the project period of performance.

Final Reports example
Costs to prepare final reports are NOT allowable to the project, even if budgeted and adequate funds remain, if they are not incurred and charged during the project period of performance.

Solution
If the final report cannot be produced during the original project period of performance, and there are sufficient funds left in the project account, request a No-Cost extension from the sponsor. This will allow the expenditure of project funds after the conclusion of the project for the purpose specified in the extension request.

9.5 No-Cost Extensions
A no-cost extension extends the project period of performance beyond the original project end date. There is no additional funding as the phrase "no-cost" suggests. A no-cost extension should be requested by the PI 90 days prior to the end date of award and when all three of the following conditions are met:

(a) Funds are left in the project budget **AND**
(b) There is a programmatic need **AND**

(c) The end of the project period of performance is approaching.

The sponsor always retains the right to say "no." Examples of reasons to say "no" might include:

(a) An extension may not be granted just because there is money left over. A programmatic benefit must be justified.
(b) Funding may have come from a prior year's appropriation and cannot be extended.
(c) The amount remaining on the project appears excessive to the sponsor.

It is always a good idea to request the extension (most agency requires 90 days prior to project end date) in enough time to manage an orderly accomplishment of project work, and to have a contingency plan in case the sponsor does not approve the extension.

Written requests for no-cost extensions should be prepared by the PI and then endorsed and submitted by OSP. Some sponsors have electronic systems to handle no-cost extension requests and approval. Systems vary—call your OSP administrator if you have questions.

No-cost extensions and Expanded Authorities
Some federal sponsors have delegated the authority under grant awards to approve a **one-time** no-cost extension not to exceed 12 months to UAH. PIs should review award document or contact their OSP administrator to determine whether expanded authority has been granted under the award terms. For additional information on Expanded Authority, see OSP Policy 07.02.14

If authorized, an internal no-cost extension request should be made at least 60 days in advance of the project end date to OSP. The extension, although approved by UAH, must be requested by the PI. OSP will notify the sponsor of the approved extension. If the no-cost extension does not come under the expanded authority, the PI must contact OSP.

9.6 Close-Out

9.6.1 What happens at the end of the POP?
C&GA reviews sponsored projects at closeout to ensure that costs are allowable, allocable, reasonable and consistent. Good project management over the life of an award will help to eliminate any problems after the award has ended and during the closeout. All expenses must be complete and posted to the account no later than 30 days after the project end date. C&GA will then prepare the final financial report and submit it to the sponsor typically within 90 days of the close date. Sponsors have up to three years after the official closeout date to conduct a closeout audit and all records must be retained during that period.

In accordance with 2 CFR 200.343 the university will close-out the federal award when it determines that all applicable administrative actions and all required work of the federal award have been completed as follows:
(a) the non-Federal entity submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency pass-through entity approve extensions when requested by the non-Federal entity.
(b) the Federal awarding agency pass-through entity an extension, the non-Federal entity liquidate all obligations under the Federal award not later than 90 calendar days after the end date of the period of

performance specified in the terms and conditions of the Federal award.

(c) the Federal awarding agency pass-through entity make prompt payments to the non-Federal entity allowable reimbursable costs under the Federal award being closed out.

(d) the non-Federal entity promptly refund any balances of unobligated cash that the Federal awarding agency pass-through entity paid in advance or paid and that are not authorized to be retained by the non-Federal entity use in other projects. See 2CFR200.345 of amounts due, for requirements regarding unreturned amounts that become delinquent debts.

(e) with the terms and conditions of the Federal award, the Federal awarding agency or pass-through entity must make a settlement for any upward or downward adjustments to the Federal share costs after closeout reports are received.

(f) the non-Federal entity account for any real and personal property with Federal funds or received from the Federal Government

(g) The Federal awarding agency pass-through entity complete all closeout for Federal awards no later than one year after receipt and acceptance of all required final reports.

9.6.2 Guidelines for project closeout:

(a) After the end date of a project, a cost overrun may not be charged to another account. Such cost overruns should be treated as project overruns charged to a state account.

(b) Unspent balances at the close of the project must, in most cases be returned to the sponsor. Notable exceptions are fixed price contracts and sponsored agreements allowing carry-forward of funds.

(c) If a disallowance is identified during preparation of the final fiscal reports, and approval which makes the cost allowable

has not been received, the cost must be transferred to a department/center account.

9.6.3 Full details about financial closeouts are available through C&GA. In addition, specific information about unallowable costs and the University's reviewing policy for unallowable costs is also available through C&GA. OSP coordinates the submission of all final reports to the sponsor, including financial. Final reporting requirements are identified in the award document and on the award Distribution Sheet. These reports might include the following:

(a) Financial Reports.

(b) Technical Reports: Technical reports are the responsibility of the PI. Some agencies permit technical reports to be submitted on line. In this case, a copy of the report should be forwarded to OSP.

(c) Invention Reports: OSP (if negative) OTC (if positive) will submit the final invention report to the sponsor, based on information provided by the PI.

(d) Equipment Inventory Reports: These reports are prepared by the OSP Government Property Specialist.

REMEMBER, Sponsors can and do suspend funding in cases where progress or final reports are not submitted in a timely fashion. It is critical, therefore, to submit all reports per the reporting schedule that appdears in the award, on the award Distribution Sheet, and per the email reminder notification.

Failure to submit required reports in a timely manner and after two (2) email notifications from OSP will result in all active research accounts being frozen until all delinquent reports are submitted to the sponsor. See Figure 9.1 for a handy closeout checklist.

9.7 Record Retention

9.7.1 Financial Records Retention

Retaining financial records serves two purposes. In the short term, it provides those responsible for the management of cost objects with the means to monitor transactions and resolve problems. In the long term, it enables the university to comply with 2CFR200.333, Federal Acquisition Regulations (FAR), the Internal Revenue Service regulations, and other federal, state and local regulations governing the auditability and retention of records.

9.7.2 Responsibility: Central Offices such as C&G Accounting, OSP, Payroll, Accounts Payable, Purchasing, and Asset Management are responsible for retaining all files both paper and electronic. BANNER is the university's officially approved financial system. All financial reports will come from Banner and not the PI's in-house system.

9.7.3 Retention Period
Legal and Audit Requirements—when requirements for long term retention or records overlap, the responsible office should retain records for the maximum period needed to meet legal and audit requirements. UAH retention period is seven (7) years from date of final payment. Longer retention times may apply to certain documents retained by central offices. For information on a specific document or category of documents, the office responsible for processing the type of transaction should be contacted.

9.8 Audits and Auditors

9.8.1 What are audits and who are the University's auditors?
Auditors and audits are necessary components of the research administration function. No matter where you work at UAH, you can expect to encounter audits. The ability of faculty and research staff to contribute efficiently and effectively will play a big role in the outcome.

Federal auditors perform both systems audits and contract specific audits as well as F&A and other compliance audits. The majority of external systems audits are performed to comply with the requirements of the federal regulations and supplements. Pricewaterhouse-Coopers (PwC) perform university-wide financial and compliance audits.

In addition, UAH has an active Audit Division, whose mission is to deliver audit services university wide through a risk based program of audit coverage, including compliance assessments and financial, operational, and information technology reviews and audits.

The best way to assure that audits go smoothly is to create and maintain good records. UAH relies on central databases and records whenever possible. However, often the information needed, e.g., the back up documentation for an expense transfer or the certification of a monthly expenditure statement resides with the responsible unit. Orderly records can prove the truth of the old saying "An ounce of prevention is worth a pound of cure."

9.8.2 What information does the university make available to auditors?
UAH will provide, on a reasonably timely basis, government auditors with access to all documents and data that are relevant to government audit purpose, including:

9.8.3 Maintaining accounting information
The Department of Health and Human Services (DHHS) and the Office of Naval Research (ONR) has been provided with online access to relevant university

accounting and sponsored projects records and may access these data freely for the purpose of audit engagements that have gone through the appropriate opening procedures.

9.8.4 Online documents
DHHS and ONR has internet access through which other government auditors may freely access the most up-to-date version of university policy and procedures documents.

9.8.5 Other University documents
UAH will provide government auditors with copies of all published (i.e., available to the general public) documents upon verbal request. The University will also endeavor to provide DHHS and ONR with hard copies of important published University reports that are not available online.

9.8.6 Unpublished University documents
UAH will provide government auditors with copies of all relevant unpublished university documents, except those deemed by the University to be legally privileged or protected. Questions about whether a particular document (including special data analyses) might be deemed to be privileged or protected should be directed to Office of Counsel or Internal Auditing before that information is provided.

9.8.7 Interview Information
Government auditors may interview university personnel in connection with any audits that have gone through the appropriate opening procedures. C&G Accounting and/or OSP will set up these interviews upon request by government auditors. It is normal for G&C Accounting and/or OSP staff to be present at all such interviews. Both internal auditing and legal will be notified of such interviews.

9.8.8 Meeting with an external auditor?

Before an audit is begun by any external auditors at UAH the external auditors will be asked to communicate with C&G Accounting. Audits concerning research should be coordinated with OSP and/or C&G Accounting. Normally there will be an opening audit conference with the external auditors to discuss the scope, goals, and timing for the planned audit engagement. Other university personnel who might be expected to be involved in the planned audit will be invited to this opening conference. After an understanding has been reached as to the scope of the proposed audit, and presuming it is deemed to be relevant, the external auditors may initiate procedures to seek information and documents from UAH. UAH personnel who are contacted directly by external auditors should contact OSP and/or C&G Accounting. If UAH personnel are unsure whether an external audit has been approved, or have any other questions about an ongoing audit, they should communicate with OSP and/or C&G Accounting.

Note that the above protocol might not be followed in the case of special government investigations. In such case, government investigators may decide to initiate contacts without first informing the University. Although this is permitted, UAH personnel who are contacted by government investigators also have specific legal rights. They should always contact the Office of Counsel immediately.

REMEMBER, when speaking to an external auditor:
   (a) Know with whom you are talking.
   (b) Understand the focus of the audit.
   (c) Have someone from OSP or C&G Accounting as appropriate in the meeting.
   (d) Limit answers to the questions you are asked.
   (e) Confer with Office of Counsel before meeting with an external auditor.

(f) Be prepared to explain all activities
as they relate to your award. ∎

Figure 9.1 PI Close-out Checklist		
Technical Reports: Does my report include:	**Yes**	**No**
(a) Grant or contract number, PI name, project title, and period of performance, including authorized extensions?		
(b) Significant results of the project?		
(c) Examples of project?		
(d) Technical difficulties and solutions?		
(e) List of publications, including articles in progress?		
(f) If the award contains "objectives and/or deliverable," does the report discuss each of these?		
Financial Reports	**Yes**	**No**
(a) Have all project expenditures been posted?		
(b) Have I reviewed all project expenditure statements?		
Invention Reports	**Yes**	**No**
Have I disclosed all new technology to the OTC?		
Property Reports	**Yes**	**No**
(a) Have I identified all materials and equipment acquired under this award, including property that was: (1) provided by the sponsor; (2) acquired by procurement; (3) purchased by the subrecipient?		
(b) Have I started the disposition process with Assets Management?		

Chapter 10. Foreign Influence: Conflict of Interest (COI), Conflict of Commitment (COC) and Financial Conflict of Interest (FCOI)

Introduction

The University of Alabama in Huntsville (UAH) is committed to conducting its activities in ways that promote and maintain public trust. To that end, all UAH employees and affiliated entities are required to be aware of the potential for Conflicts of Interest (COI) and Conflicts of Commitment (COC) and to exercise initiative in identifying, reviewing, and managing those conflicts appropriately. External Activity of UAH employees have the potential to serve as sources of COI and COC and thus, all External Activity of UAH employees must be disclosed, approved, and documented.

All UAH employees are expected to comply with this Policy, as well as any other applicable policies or procedures. Furthermore, certain employees and other individuals engaged in research have additional requirements for disclosing financial interests. .

10.1 What is Foreign Influence?

Since early 2018, we have observed heightened awareness and increased activity related to the issue of foreign influence in academia within the federal government and amongst our peer institutions.

In short, foreign funding of, and access to, U.S. higher education presents risks to students and professors alike, including insider threats and the knowing or unwitting creation of foreign intelligence portals. Those threats run from overt acts of bribery to the theft of private information through cybersecurity attacks. Accordingly, U.S. colleges and universities need to be vigilant: They should know the specific sources of funding and ensure there is an established comprehensive security and compliance program that furthers the institution's mission, promotes transparency, appropriately protects their data and research, and accounts for U.S. national security interests.

10.2 What's required?

In order to ensure compliance with matters related to COI and COC, all UAH employees must adhere to the following four requisite actions.

(a) **Approval to Engage in External Activity:** UAH employees cannot engage in any External Activity prior to disclosing and receiving approval in advance of at least two (2) weeks. The UAH employees seeking approval must complete the Request for Permission to Engage in External Activity. A copy of this form will be submitted to the Provost and OVPRED for record.

The authority for approval to engage in External Activity rest with the employee's respective Dean or Center Director. For those UAH employees who do not report to a Dean or Center Director, approval is required by the appropriate Vice President.

The "approvers" have the responsibility to thoroughly review and approve each disclosure. For UAH employees requesting approval for External Activity with an institution of higher education other than UAH, approval is also required by the Provost or a Vice President.

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(b) **COI Training:** All UAH employees must complete COI training at least once every four years. The COI training course is administered through the CITI Program, which is accessible via *myUAH.* The course consists of a brief introduction and five (5) other modules. Please click here for course enrollment instructions.

(c) **Certification of COI/COC Disclosure:** All UAH employees must annually complete the electronic COI/COC form in Kuali during the first month of the fiscal year. Presently, the fiscal year begin in October at UAH.

(d) **Financial Conflict of Interest Disclosure**: For research grant or contract eligible employees at UAH, a Financial Conflict of Interest (FCOI) Certification is required annually. This certification must be completed by each employee (PI, Co-I, and key personnel) prior to submitting a proposal for external funding. FCOI is completed in Kuali. Click on COI Login link.

10.3 Foreign Influence and When Should it be Disclosed.

Federal funding agencies have issued new requirements and guidance, federal law enforcement agencies have increased prosecutorial activity, and Congress has signed new legislation and sought information on how the academic research community is responding to this evolving issue.

Federal agencies and policymakers have expressed concern that foreign entities may be using the academic research enterprise in an attempt to compromise the United States' economic competitiveness and national security.

Federal funding agencies have sought to clarify longstanding policies and issued new guidance. Federal law enforcement agencies have increased prosecutorial activity in unison with the federal funding agencies, and Congress has signed new legislation and sought information on how the academic research community is responding to this evolving issue.

Understand that many institutions make false assumption regarding export control component – when in doubt, contact the Office of Research Security.

10.3.1 What is a Conflict of Interest (COI)? A conflict of interest occurs when an individual's personal interests – family, friendships, financial, or social factors – could compromise his or her judgment, decisions, or actions in the workplace. Government agencies take conflicts of interest so seriously that they are regulated. Industry organizations, corporations, and universities, including our university, follow that lead by including conflicts of interest in our policies, regulations, and standards of operating procedures. For our university, we must follow Alabama's Ethics Law that includes standards of conduct and reporting requirements.

10.3.2 What is a Conflict of Commitment? A conflict of commitment occurs when the time an individual spends engaged in activities outside of the University competes with the time required to conduct University activities.

10.3.3 What is a Financial Conflict of Interest? A financial conflict of interest exists when the university's designated official(s) reasonably determines that an investigator's significant financial

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interest could directly and significantly affect the design, conduct, or reporting of federally funded research.

Figure 10.1 GAO General Process for Universities

Source: GAO analysis of university and agency policies. | GAO-21-130

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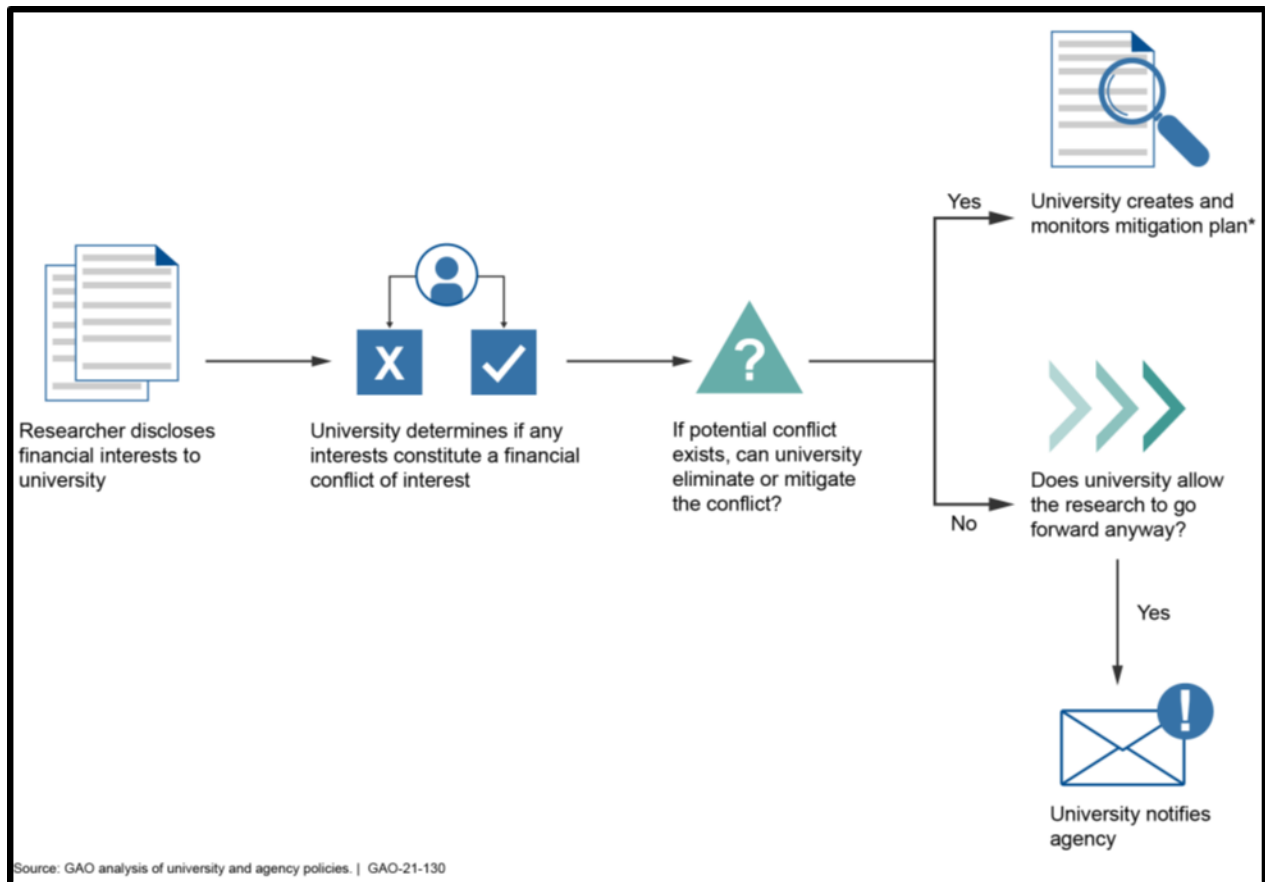
Figure 10.2 Dealing with Non-compliance

10.4 UAH's Responsibilities:
- Be proactive in establishing internal controls and an internal process
- Ensure a robust review and escalation process
- Be transparent with the process, including ramifications of non-compliance
- Communicate fairness and impartiality
- Continuous review of education and communication

a. When addressing issues of non-compliance remember that it may span several areas. Areas may include Sponsored Research, Vice President for Research and Economic Development, Provost, Compliance, Export Control, General Counsel, etc.

b. Important to identify the appropriate person/department in your institution to lead inquiries and investigations.

c. Communicate responsibilities. UAH must ensure everyone involved is aware of their responsibilities, from who will discuss the concerns with the PI, who will communicate with the agency, etc.

d. Ensure all affected parties are kept informed. Be transparent to affected parties – ensure that administration is kept informed should the issue escalate. ∎

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References:

- [CFR 200.112 – Conflict of Interest](#)

- [UA System Board Policy 106.2](#) - Risk-Ethics-Compliance-Code of Conduct

- [NIH NOT-OD-19-114](#) – Reminders of NIH Policies on Other Support and on Policies related to Financial Conflicts of Interest and Foreign Components

- [NIH NOT-OD-18-160](#) – Investigator Disclosures of Foreign Financial Interests

- [NIH Financial Conflict of Interest Policy](#)

- [DOD Memo, Dated March 2019](#) - Actions for the Protection of intellectual Property, Controlled Information, Key Personnel and Critical Technologies

- [NSF – Conflict of Interest](#)

- [NASA – Guidelines for Promoting Scientific and Research Integrity](#)

- [DOE Memo, Dated January 2019](#) – Department of Energy Policy on Foreign Government Talent Recruitment Programs

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Chapter 11. Safeguarding Controlled Unclassified Information

(Chapter courtesy of Redstone Government Consulting infor@redstonegci.com)

11.1 What is CUI, CFI, CTI, and FCI?

11.1.1 CUI is Controlled Unclassified Information and encompasses all Covered Defense Information (CDI) and Controlled Technical Information (CTI). CUI requires the safeguarding or dissemination of controls pursuant to applicable laws, regulations, and government-wide policies.

11.1.2 Covered Defense Information (CDI) is unclassified controlled technical information or other information described in the Controlled Unclassified Information (CUI) Registry found here.

11.1.3 Controlled Technical Information (CTI) is technical information with military or space application that is subject to controls on the access, use, reproduction, modification, performance, display, release, disclosure, or dissemination. It does not include information that is lawfully publicly available without restrictions.

11.1.4 Federal Controlled Information (FCI) is information provided by or generated for the Government under contract that has not or will not be publicly released (within a reasonable period of time). Unlike CUI, FCI and its protection requirements are defined in the Federal Acquisition Regulation (FAR) rather than National Archives and Records Administration (NARA) documents and NIST 800-171 / DFARS 7012. CMMC

requires protection for, both, Controlled Unclassified Information (CUI) and FCI

11.2 Why should UAH be concerned with CUI?

Contracting Officers are required to include the DFARS clauses 252.204-7008 and 252.204-7012, in all solicitations and contracts starting in GFY 2025, including those using FAR part 12 procedures for the acquisition of commercial items. The only exception is solicitations and contracts for the sole acquisition of Commercially Available Off the Shelf (COTS) Items. Even though the requirement is not likely to hit most contractors until 2025, efforts have to be undertaken now to be prepared.

11.3 What is the DFARS clause?

DFARS 252.204-7008, Compliance with Safeguarding Covered Defense Information Controls, and DFARS 252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting, require contractors to implement the security requirements in the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171, Rev1, Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations, to safeguard DoD's covered defense information that is processed, stored, or transmitted on the contractor's internal unclassified information system(s) or network(s).

11.4 Level of Compliance Requirement in Contracts.

This is an evolving area and DoD is slowly rolling out the Cybersecurity Maturity Model Certification (CMMC). The plan is for DoD to begin specifying a level of CMMC compliance requirements in some new contracts beginning in 2021 with full

implementation expected by September 30, 2025. There are five levels of CMMC certification, and the certification is valid for 3 years. The CMMC has different levels of cyber security maturity that can be required of a government contractor. Each level requires more controls than the previous one. One is the lowest and five is the highest. The contracting officer is required to identify the information the contractor will have to control and the CMMC compliance level required.

11.5 What is the Difference between NIST and CMMC

DFARS 252.204-7012 requires contractors with DoD contracts to comply with NIST SP 800-171 through a self-assessment process. CMMC is the process being used to certify the maturity level of a contractor's compliance with cyber security requirements. CMMC will require third party verification and audit who can take advantage of NIST initiatives that the contractor has in process.

11.6 What are UAH's responsibilities?

UAH must implement the security requirements addressed in the NIST Special Publication (SP) 800-171 when the clause is included in the solicitation/contract. If the contractor will vary from the security requirements in NIST SP 800-171 that are in effect at the time a solicitation is issued the contractor must submit a written explanation to the Contracting Officer as to why a particular security requirement is not applicable or whether there is an equally effective security measure to achieve equivalent protection.

Additionally, if a cyber-incident is discovered, the contractor must conduct a timely review for evidence of compromise of covered defense information and report the cyber incident to the DoD. The contractor is also required to flow the clauses to subcontracts (excluding subcontracts for COTS). The contractor should require subcontractors to notify them when submitting a request to vary from the NIST SP 800-171 security requirement to the contracting officer or if the subcontractor reported an incident to the DoD. The subcontract incident report number (assigned by DOD) should be provided to the higher-tier contractors as soon as possible. The contractor must also determine if information it will provide to the subcontractor is controlled unclassified information and requires protection.

11.7 What is the difference between NIST SP800-171 and SP800-172A?

NIST SP 800-172A Assessing Enhanced Security Requirements for Controlled Unclassified Information (CUI) is being put in place to provide an assessment process for determining contractor compliance with SP 800-171.

The publication includes assessment procedures that may be used in following the requirements in NIST SP 800-172. The assessment procedures can be tailored to the contractor's needs whether they are conducted as self-assessment, independent third-party assessment or government sponsored assessment.

For additional information about this chapter and the requirements, please contact The Office of The Vice President for Research and Economic Development.