



PIRATE

Principal Investigator Research Administration Training and Education: TESTS & ANSWERS

Office of the Vice President for Research

1. Introduction to Principal Investigator Responsibilities in Research and Other Scholarly Activities

Introduction

RESOURCES & TOOLS

Links to Supporting Material will appear in this area of the module.

UMBC POLICY WEBSITE

UMBC Faculty Handbook - Sec. 15 Faculty Rights and Responsibilities - Research

UMBC's Research & Scholarship Website

OSP Website

OCGA Website

Principal Investigator Proposal Handbook

When you function as a funded researcher, you assume fiscal and legal responsibilities. Although UMBC is legally responsible to the sponsor as the actual proposing entity and recipient of an award, the Principal Investigator (PI) is responsible for ensuring the terms of the award are met and the policies of the university are followed. If a PI acts outside the rules of UMBC the PI may be held liable.

Many funding agencies recognize only one PI. When more than one person is listed as PI, one is designated as first among equals, and identified by UMBC as the PI. Other persons involved in the scientific design or execution of the project may be designated as Co-Principal Investigators (CI's). CI's must meet the same eligibility requirements as PI's.

A proposal and any subsequent extramural award commits and obligates UMBC in many ways. PI responsibility carries with it a level of risk to UMBC and requires individuals with the expertise and resources necessary to carry out the requirements of their awards. It is therefore incumbent on the university to ensure that PIs and CIs are capable of carrying out sponsored projects and activities as proposed.

The PI must:

- Conduct and manage the technical research
- Comply with all applicable state and university

policies, procedures and laws

- Comply with all terms and conditions of the award
- Manage project funds efficiently and effectively within approved budgets
- Ensure the project is completed in a professional manner

Throughout the remainder of these informational modules the word “Research” may be used to refer to all such activities.

To facilitate understanding of the PI’s role, and support effective management of these responsibilities, UMBC has developed this PI orientation called PIRATE. PIRATE stands for **P**roincipal **I**nvestigator **R**esearch **A**dministration **T**raining & **E**ducation.

PIRATE Orientation includes the following modules:

- 1) Introduction to PI Responsibilities
- 2) Responsible Conduct in Research (RCR)
- 3) Financial Management
- 4) Cost Principles for Educational Institutions
- 5) Award Terms and Conditions
- 6) Facility & Administrative (F&A) Costs
- 7) Committed Effort and Cost Share
- 8) Document Allocability and Cost Transfers
- 9) Monitoring Project Spending
- 10) Equipment Purchase and Control
- 11) Project Closeout

Regardless of the field or focus of research or scholarship, all UMBC PIs need to be aware of the basic concepts of the regulations and policies related to the conduct of research.

Therefore, the modules serve as an introduction. However, they also point the researcher to available resources for more information and assistance. Each "Resources & Tools" panel (on the left side of each module) contains links to existing UMBC policies, and/or resources related to the topic presented on that page. Words appearing

in color are hyperlinks to related information. In addition, as you proceed through the material you have the opportunity to access a knowledgeable UMBC person to help clarify the material. The hyperlinks and additional resources are available to assist but are not required reading.

Expectations:

At the end of each module, the PI will certify they have read and understood the material by completing a short quiz.

To certify you have completed a module, read through the module content. Then open the matching “Test Your Knowledge” link for that module. Answer the questions and click the Submit button to record your answers and receive feedback.

The completion of all modules, combined, should take less than two hours. You may work through the material all at once or in multiple sessions. Whenever it is convenient for you.

Acknowledgements:

As recommended by the Post Award Steering Committed, PIRATE was developed by the Office of Research Administration/Research Protections and Compliance.

This material is based on Stanford University's Principal Investigator Responsibilities. We wish to acknowledge the generous contribution made by Stanford University in sharing their content, and materials.

The **Office of Research Integrity (ORI)** and NIH differ slightly on the instructional content of the core areas within RCR. PI's should review the NIH solicitation for application specific requirements. UMBC has chosen to use the ORI list which includes the following nine categories:

- Data Acquisition, Management, Sharing and Ownership
- Conflict of Interest & Commitment
- Human Subjects
- Animal Subjects
- Research misconduct
- Publication Practices and Responsible Authorship
- Mentor/Trainee Responsibilities
- Peer Review
- Collaborative Science

UMBC's Implementation – UMBC's Office of Research Protections and Compliance (ORPC) is responsible for assisting researchers comply with all components of RCR. Issues around training for these topics will take different shape depending on the academic discipline and individual program of research. As such, ORPC provides and tracks online training for the core requirements through the Collaborative Institutional Training Initiative, (**CITI**). However, this is not discipline specific. Although ORPC is available to assist, it is up to each PI to define the face to face and discipline specific training when required by the sponsor.

All UMBC researchers will carry out their work according to the highest ethical and professional standards. Although not required by policy, RCR training is strongly encouraged for *all* researchers, regardless of funding source or field of study. Accordingly, a number of academic programs at UMBC are integrating RCR topics into their curricula.

The remaining modules examine UMBC's policies and the externally imposed legal requirements in the areas of post-award fiscal management.

2. Responsible Conduct of Research (RCR)

The Growing Requirement of RCR

RESOURCES & TOOLS

Federal Policies and Regulations

NSF RCR FAQ

ORI RCR

Core Areas of RCR

UMBC RCR Training

USM and UMBC RCR policies

To maintain the confidence and trust of society, researchers must aggressively protect the objectivity of research and scholarship, the unbiased reporting of results, and the open sharing of that information for the good of society. Responsible Conduct in Research (RCR) Training provides a framework for imparting best practices to conduct research.

Recently updated federal regulations **require verifiable training** in Responsible Conduct of Research (RCR) for scholars funded by NSF and NIH.

Below are the current minimal federal requirements and UMBC's implementation of those requirements:

NSF - The recent America COMPETES Act includes a requirement that all undergraduate students, graduate students, and postdoctoral researchers "who will be supported by the **National Science Foundation (NSF)** to conduct research" receive training in the RCR. UMBC's Authorized Organizational Representative certifies at proposal submission that UMBC has a plan to provide this training. While training plans are not a required component of proposals submitted to NSF, institutions are advised the plans are subject to review upon request.

NIH – Under **NOTICE OD-10-019** NIH requires all trainees, fellows, participants, and scholars receiving support through any NIH training, career development award (individual or institutional), research education grant and dissertation research grant must receive instruction in responsible conduct of research. NIH requires a formal training plan as part of the application. *The NIH solicitation should be reviewed for specific requirements.* NIH also provides more clarity regarding the plan delivery by stating online methods are not adequate as the sole means of instruction. Therefore, NIH plans should include a face to face component.

**UMBC's RCR
Support Page**

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3. Financial Management

Accountability and Audits

RESOURCES & TOOLS

UMBC Policies

Management Advisory Services Fraud Reporting and Alerts

Uniform Guidance 2CFR200.303

Subaward Policies and Procedures

The prior module dealt with the responsible conduct of research and scholarship. This module discusses another aspect of the regulatory environment - the management of project funding.

Just as with the responsible conduct of the actual research, there are externally-imposed requirements related to the management of research funds incumbent on the individual researcher/scholar **and** on the institution. The remaining modules of PIRATE focus on UMBC's and the PI's obligations to its **sponsors** to maintain fiscal accountability and comply with legally mandated requirements.

The major objectives of good research management include:

1. making the best use of available funds to achieve project goals;
2. avoiding problems of fraud, waste, and abuse of sponsor funds;
3. complying with institutional, sponsor and federal requirements.

Upon initial award of a grant or contract, "many believe the most difficult work is over. However, those experienced in the post-award world understand the real work, possibly the hardest, has just begun. Post-award responsibilities of financial offices include many highly-detailed activities, including ...billings/cash management, transaction monitoring/testing, close out and audit processes, effort reporting, cost-sharing, cost transfers, and general cost accounting standards." ¹ All these activities relate back to the PI's expenditure of resources for the project. When requirements related to the PI's expenditure of funds are not

¹ Kulakowski, *Fundamentals of Post-Award Administration*, See FN1,p.427

**Minimize
transfers –**

**Charge it to
the right place
the *first* time!!!**

followed carefully it can create serious repercussions for UMBC and the individual PI.

Generally the principal focus of audits today is on the **direct costs** of research. This includes every individual transaction in which the PI authorizes charging to a research project. However, it should be noted that audit areas go beyond the individual PI. It can also include the Management and Information systems used to administer and account for project expenditures.

The U.S. Office of Management and Budget (OMB) publishes a number of circulars (now codified in the Code of Federal Regulations) coordinating federal audit activities and dictating the standards for charging costs to federally sponsored projects.

The OMB Circular A-133 describes the **control processes** that institutions are expected to provide for Federal programs:

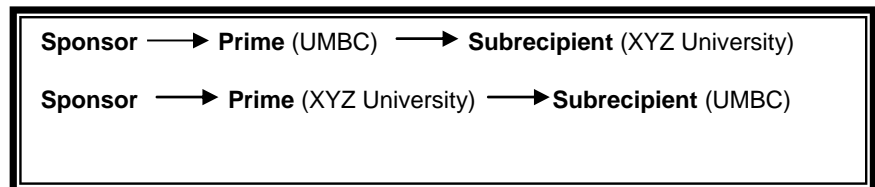
- (1) Transactions are properly recorded and accounted for to:
 - (i) Permit the preparation of reliable financial statements and Federal reports;
 - (ii) Maintain accountability over assets; and
 - (iii) Demonstrate compliance with laws, regulations, and other compliance requirements.
- (2) Transactions are executed in compliance with:
 - (i) Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and
 - (ii) Any other laws and regulations that are identified in the compliance supplement.
- (3) Funds, property, and other assets are safeguarded against loss from unauthorized

use or disposition.

OMB Circular A-133 has a **Compliance Supplement** which contains a matrix of risk areas auditors use as a guide when conducting audits of institutions. Recent audits have highlighted particular areas where regulations and compliance are complex and difficult. We cover these high risk areas in the remaining modules of the PI Orientation.

Sub-award or subrecipient is a term used to indicate formal scientific collaboration with other institutions.

Regardless of the formal relationship,



overall monitoring of the subrecipient is the PI's responsibility. Remember, sponsor terms flow down to any subrecipients on your extramural awards.

PIs should monitor subrecipients using one, or a combination of, the following mechanisms:

- Reporting** – Review financial and performance reports submitted by the subrecipient.

- Contact** - Regularly contact subrecipients about program activities and progress.

- Invoice Review** – Always match performance with expenditure when approving subrecipient invoices. Do not feel obligated to pay if expenditures do not seem appropriate or do not match performance. Spending could be too high compared to performance, or it could be too low. Both could point to possible problems. If invoices are disapproved, contact OSP to provide an explanation so a resolution can be pursued.

4. Cost Principles for Educational Institutions: 2 CFR 220 (formerly OMB Circular A-21)

Understanding the Basics of Cost Principles

RESOURCES & TOOLS

UMBC Direct Charging Procedures

UMBC DS-2 & Information

Summary of Audit Settlements and Investigations

2 CFR 200 Uniform Guidance

Authorizing the expenditure of federal funds requires a basic understanding of the cost principles contained in Title 2 of the Code of Federal Regulations Part 220 (CFR 220).

CFR 220 governs costs, either direct or indirect, that may be charged to the government by educational institutions. CFR 220 also requires certain universities to complete a disclosure statement (DS-2).

The DS-2 documents/clarifies the cost accounting practices which the institution follows – a guide to the way we do business. Other aspects of CFR 220 will be covered in other modules. For example, Facility and Administrative (F&A) Costs and Equipment Purchase and Control.

UMBC applies CFR 220 cost principles to both federal and non-federal funding. Some non-federal sponsors define allowable and unallowable costs differently than federal Sponsors, and in these instances the sponsored agreement would prevail.

Any cost being charged to a Sponsor must be allowable in order to be eligible for reimbursement by the sponsor. Criteria for allowability are found in [CFR 200 Sec 403](#)).

[2 CFR 200 Sec 400](#) provides general provisions for selected items of cost.

A cost is **ALLOWABLE** if it is:

1. **REASONABLE**, and passes the “prudent person” test. This means an objective individual not affiliated with UMBC would agree a cost is necessary to complete the project and have paid that price.
2. **ALLOCABLE** (discussed further in [Module 8](#)), means the expenditure must directly benefit the project and is assignable to the project in a reasonable and realistic proportion. Some of the questions to be asked in determining allocability include.
 - a. Does the cost serve to advance the specific project goals?

- b. Does the cost benefit multiple projects or objectives of UMBC?
 - c. Can the costs be appropriately distributed to multiple projects using a reasonable method of estimating the benefit received by each project?
3. **CONSISTENT TREATMENT** of specific cost types by the institution. When estimating costs for proposals, the institution must be consistent with the practice used to accumulate and report the costs. In other words, costs incurred for the same purpose, in like circumstances, must be treated the same way.

For example, expenses may not be charged directly in one College or Department, and charged as an indirect cost in another unit.

In the few cases where unlike circumstances exist, those costs and circumstances must be justified in the proposal and maintained in the award file.

There are a few documents available to assist you in determining consistent treatment of costs, [Direct Charging Procedures](#), [Financial Accounting System Expense Subcodes](#), and the [Policy on Consistent Application of Facility and Administrative \(F & A\) Costs](#).

If costs are not allowable (reasonable, allocable and consistently treated), then they may **not** be charged to a sponsored project.

Cost allowability is a function of law, regulation and/or individual award terms and conditions. Thus, a specific cost may be allocable (used for the project), but unallowable (not allowed by the sponsor). Cost sharing (discussed further in [Module 7](#)) is a good example. You can allocate to a specific award, but cost share is not allowed as an expense on an award.

Individual PIs do not need to be experts on cost principles, but the PI must have a basic understanding of the criteria and be knowledgeable about UMBC policies governing charging costs to sponsored projects. Rely upon the guidance of experts in your department to assist you in making the appropriate decisions.

The application of these cost principles start with the development of your proposal. Be prepared to have documentation supporting your proposed budget.

5. Award Terms and Conditions

Award Basics



RESOURCES & TOOLS

UMBC Policy on Sponsored Projects and Gifts

Award Types Defined

SPONSOR RULES

NSF Grant Proposal Guide

Federal Acquisition Regulations

Uniform Guidance

Defense Federal Acquisition Regulation

UMBC receives funding from over 200 different sponsors, including federal agencies, foundations and for-profit companies. Each entity has the right to establish its own terms and conditions for awards they fund. Therefore, individual awards received by UMBC may include special conditions applicable only to that award. There are also program rules and federal wide rules under the Code of Federal Regulations (CFR).

All rules apply, but any inconsistency or conflict in terms and conditions are resolved based on an established order of precedence. (**See the Order of Precedence Pyramid**).

For example, the specific terms of an individual award can take precedence over the general and less restrictive provisions of 2 CFR 220 (discussed in Module 4). Although travel is not defined as unallowable in CFR 220, the particular award may designate travel, or more likely **foreign travel**, as unallowable. If so, you may not charge foreign travel to that award even if they are allocable.

All terms and conditions specified in an award "flow down" to all recipients of subawards. Vendors, engaged through purchase orders for general supplies or services not a function of the project scope of work, are generally exempted from flow down of prime award terms and conditions.

Awards may also contain requirements for prior approval by the sponsor before an action can be taken. For example, in some cases, UMBC/PI must have prior approval from the sponsor's Grant or Contract Officer before charging certain expenses. Approval from the Program officer is not sufficient. The purchase of equipment, the use of subrecipients, and foreign travel often require prior approval.

Prior Approval Requirements

The Office of Sponsored Programs functions as the university's liaison with the Grant/Contract Officer.

For **federal grants**, 2 CFR Part 215 (formerly OMB Circular A-110) requires prior approval of changes in PI or Key Personnel status (including reduction of effort by 25% or more), or significant changes in scope of work. However, specific federal agencies, like NIH and NSF, have slight variations on how they implement OMB's direction regarding reduction in effort. The best practice is to contact UMBC's Sponsored Programs office if you anticipate or experience any change in what you proposed or were awarded.

Contracts are generally more detailed and stringent in their requirements. Federal contracts are governed by the **Federal Acquisition Regulations** (FAR), and the respective agency supplements such as the **Defense Department Federal Acquisition Regulations Supplement** (DFARS). Cost-type **contracts** typically require significantly more cost tracking than fixed price contracts. Whether a contract or a grant changes to the award **must be in writing** from the Grant or Contracting Officer.

While **all** funded purchases are subject to regulations including socio-economic initiatives, federal law PL95-507 adds a formal reporting and approval requirement involving the University's PI. This law requires federal contracts in excess of \$650,000 to have a **subcontracting plan**.

Award terms also govern when and how the sponsor is billed for work performed under the sponsored agreement. Most sponsored projects are cost reimbursement type awards. **Cost reimbursement awards, whether grant or contract, require expenses to be incurred and allocated in the University's system of record (PeopleSoft) prior to submission of any invoice or request for payment.** Contracts, while generally cost reimbursable, may come in other varieties, such as fixed price or time and materials.

Sponsors can and do suspend funding in cases where progress or final technical reports are not submitted in a timely fashion. It is critical, therefore, to submit all reports per the reporting schedule that appears in the award.



6. Facility and Administrative (F & A) Costs - Administrative Salaries and Other General Expenses

F&A and Major Projects

RESOURCES & TOOLS	<p>Title 2 of the Code of Federal Regulations Part 200.214 (CFR 200.214) established the principle that administrative and clerical expenses are normally considered F&A costs. These costs are also referred to as “indirect” costs or overhead. The CFR permits administrative and clerical salary to be charged <i>directly</i> to federal sponsors only when:</p>
Charging for Administrative and Technical Expenses	<p>(1) Administrative or clerical services are integral to a project or activity;</p> <p>(2) Individuals involved can be specifically identified with the project or activity;</p>
Application of F&A Rates on Extramural Awards	<p>(3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and</p> <p>(4) The costs are not also recovered as indirect costs.</p>
Direct Charging of Costs to Extramural Awards	<p>If they do not meet all the criteria above, they should be charged as F & A.</p>
Policy on exception to recovery of UMBC's Federal Rate	<p>Non-federal sponsors may allow charging administrative and clerical expenses when they are allowable, allocable and reasonable. However, the PI must coordinate with UMBC's Contract and Grant Accounting office and Sponsored Programs prior to submission of the proposal to ensure treatment of this cost is consistent with UMBC's Disclosure Statement.</p>
UMBC's F&A Rates	<p>The proposal, and in particular the budget justification, are critical to the allowance of these types of costs. If the PI is</p>

Comment [WU1]: This procedure is now out of date with UG.

proposing clerical/administrative costs, the proposal must state why the PI considers the project to be "major". The justification must be explicit and detailed. To ensure administrative and clerical expenses are appropriately charged, always discuss this subject with your Sponsored Projects representative when preparing the budget justification.

Facility costs are never charged to a federal award unless they are specifically requested as part of the solicitation (i.e., construction grants).

7. Committed Effort & Cost Share

Tracking Committed Effort and Applying the Costs

RESOURCES & TOOLS

Effort Reporting Quick Reference Guide

Effort reporting is a federal requirement for certifying effort charged, or cost-shared, to each award has actually been completed. The commitment of effort made in proposals is the starting point for a significant amount of project cost. It also has significant implications for cost sharing. Non-compliance with effort reporting has resulted in audit disallowances and significant fines to several large research universities.

Certification means:

- 1) Salaries charged to sponsored projects are reasonable in relation to the work performed, and
- 2) Faculty and staff have met their commitments to sponsored projects whether paid or not paid by the project.

The following principles apply to project effort tracking:

- Whenever one works on an externally sponsored project, an effort report certification is required. UMBC follows an “after the fact” certification completed in the Fall and Spring. It is after the fact because the salary is charged before the effort is certified.
- Certification must *reasonably* reflect *all* the effort for *all* the activities paid by UMBC, including teaching, research activities, service, etc.
- Effort represents work on a project, whether the sponsor pays the salary or not. If one works on a sponsored project, all of the effort regardless of who is paying must be certified.
- Effort is *not* based on a 40-hour work week. It’s not based on hours at all, therefore, if one works 40 hours/week or 100 hours/week, it is considered 100% of their time.
- In most cases Faculty should not charge 100% of their time to a sponsored activity, since it is expected that a portion is reserved for non-sponsored activity. Non-sponsored activity is anything not Allowable, Allocable, or Reasonable (towards your sponsored

award). For example, the time you spend on these activities cannot be charged:

- Writing Proposals
 - Serving on an IRB, IACUC, or other research committee
 - Serving on a Departmental; or University Service Committee
- Effort committed in a proposal, awarded by the sponsor, and expended on the project must be matched with an equivalent salary charge **EITHER** directly to the sponsor, or to a cost-sharing account, or to some combination of these. The salary is then included in UMBC's Organized Research base and becomes part of our F&A (indirect) cost rate calculation.
 - UMBC (and Sponsors) expect a commitment of PI effort for each research proposal. Except in specified cases, UMBC will not process research proposals without AT LEAST a 1% commitment of the PI's effort.
 - Anyone's effort must be certified by someone with *suitable means of verifying* that the work was performed.

Cost Sharing Procedures

A commitment of effort is usually made in the proposal budget, but it may also be made in narrative or verbal conversation with the sponsor. When effort is committed, awarded and expended, corresponding salary must be directly charged or cost-shared.

Cost Sharing Statement & Approval

Applying the Costs: Cost Share

Cost sharing is the portion of the total project of program costs not borne by the sponsor. Cost sharing is not encouraged but in some cases may be required or warranted.

Cost Sharing Scenarios

UMBC's **Cost Sharing Procedures** can be found on the Contract and Grant Accounting webpage.

Any cost sharing must be approved by OSP using the **Cost Sharing Statement & Approval Form**.

For additional information on cost sharing, we have developed ten potential cost sharing scenarios you may encounter.

8. Documenting Allocability & Cost Transfers

Connecting expenses to the project

Only salaries and expenses which benefit a project may be charged to that project.

RESOURCES & TOOLS

UMBC Policy on Cost Transfers

Cost Transfer Procedures

An expense is **allocable** to a project if the item, e.g., salaries, supplies, travel, etc., **benefits** the project. Allocability is one of the **cost principles** discussed in Module 4. Allocability should be determined during the budgeting process and before the cost is incurred.

The availability of funds to pay an expense, or its inclusion in a budget is NOT evidence of the allocability of that expense to the project.

Allocability Scenarios

Project expenditures must be supported by evidence of direct benefit to the project. If a cost benefits two or more sponsored projects, that cost must be allocated based on the proportional benefit or a reasonable basis. For expenses, allocability can usually be documented through purchase/payment records or other files, as well as through the certification of expenditures. A person knowledgeable about the project charged in the department must review each month's project expenditures. If the person is not the PI, any errors or requests for clarification should be brought to the PI's attention. If transfers are required, they must be completed *within* 90 days of occurrence as required by federal law, and as outlined in UMBC's **Policy on Cost Transfers**.

Effort reports (reviewed in Module 7) are the "after the fact" means of certifying allocability for salary expenses. However, as with other expenses, a knowledgeable person in the department must confirm the accuracy of each month's salary expenditure. If there is an incorrect salary charged to an account, UMBC is required to correct the error *within* 90 days.

Failure to review and certify sponsored project expenditures in a timely manner can call into question the allowability of those costs.

If an expenditure statement includes an error, the department initiates a

cost transfer to move the charge to the right account. Department staff will do this based on information provided by the PI. The transfer needs to:

- Take place *within* 90 days of the charge occurring on the expenditure statement.
- To include documentation supporting the benefit to the project being charged.

Invoicing the sponsor is based on what expenses have posted to the accounting ledger. Therefore, cost transfers are fertile ground for audit activity, and they will be reviewed internally and externally carefully. One very good reason to “Charge it right the first time”, is to avoid the level of scrutiny a transfer, even one that is necessary and appropriate, will invite.

PIs may allocate costs among different projects, as long as the allocation method reasonably approximates the degree to which each project benefits. Allocation methods must be documented in department files or in the online transaction documentation.

**Examples of
Allocation
Methods**

9. Monitoring Project Spending

From Pre-Award to Close out

RESOURCES & TOOLS

Procedures for Establishing Pre-award Accounts

Two common situations in which the allowability of an expense will be rigorously reviewed are those where expenses are incurred **before the start** of a project period, and those where expenses are incurred **just before the end** of a project period. During the project period, while the work of the project is being carried out, sponsors may also look closely at the RATE of project expenditures.

Before the Start

When a new grant award is assured but execution of the award is delayed, it may be appropriate to request opening a “**pre-award account**.”

By opening a "pre-award account," you will not have to transfer valid expenses into a new account when the fully executed award arrives, thus avoiding both administrative burden and audit exposure. In the event of any financial deficit resulting from failure of UMBC to receive the contract or grant, the Department, or unit performing the effort, will reimburse UMBC central accounts from a Designated Research Initiative Fund DRIF account. A DRIF account is a fund consisting of F&A recovery which is dedicated to the development and enhancement of research activities.

It is **not** appropriate to charge these costs to other sponsored accounts, even if you intend to transfer them later. You should also avoid charging these to non-sponsored accounts and then transferring them later.

During the Project

During the project period, PIs can jeopardize their funding when spending **either** accelerates at an unanticipated rate **or** falls significantly behind project projections.

While there may be very good programmatic reasons for accelerated or decelerated levels of spending, it is **always** a good idea to keep the sponsor - both the technical and the

No Cost Extension Procedures

administrative officers - informed in these situations. In the case of Federal contracts, there are specific requirements for notification when the total cost will be greater or substantially less than the estimated contract costs, **or** at the point when expenditures will exceed 75% of the total project cost.

Just Before the End

Finally, it may be necessary and appropriate to purchase equipment, supplies or other expenses late in the project period. In these cases, it is particularly important to document the allowability and particularly the **allocability** -- of the expense.

Expenses incurred after the project period has ended are unallowable, unless the award contained provisions permitting them to be charged. This includes expenses incurred for the production of **final project reports**. If you have work left to do on a project, but have run out of time, request a **no-cost extension**. This request must be coordinated through the Office of Sponsored Programs (OSP).

Special Note: It is a good idea to get the *written* approval of the Grant or Contract Officer whenever expenditures might appear to be questionable. Approvals from the Program Officer or technical representative will not be sufficient, and can still lead to denial of the cost.

10. Equipment Purchase and Control

Asset Management

RESOURCES & TOOLS

**UMBC Plant
Accounting &
Inventory Control**

**Capitalization &
Inventory Control –
System Policy**

**Capital Equipment
Policy**

The proper identification and use of equipment is critical to the University's management of both the direct and indirect costs of research. The integrity of this system depends on individuals throughout the campus paying proper attention to the **acquisition, use, tracking, physical inventory and disposition** of equipment.

Capital equipment is defined as: “equipment not permanently affixed to buildings, has a useful life greater than one year, and a unit cost of \$5,000 or more, except for items predominantly composed of glass, rubber, cloth and equipment being held for resale.” Fabricated equipment (where the aggregate costs of the components are \$5,000 or more, and where the fabricated asset has a useful life of more than one year) is also defined as capital equipment. An **Inventory Addition form** must be completed for Fabricated equipment and forwarded to **Plant Accounting & Inventory Control**. Once capital equipment has been received it must be promptly recorded in UMBC's property management system.

Be sure to check the **terms and conditions** of your particular award for information related to:

- allowability of equipment charges
- equipment title (UMBC generally seeks title)
- fabrication of equipment, or
- equipment final destination (if other than UMBC)
- joint funding

Awards may require advance notification or prior approvals of equipment acquisitions. In these cases, the **written** approval from the sponsors Grant or Contract Officer must be obtained **before** acquiring the equipment (**See Module 5**) If you intend to use a piece of equipment to support multiple projects or to support both sponsored and unsponsored activity, there should be an appropriate, documented allocation of the cost. If a piece of "special purpose" equipment is purchased especially to carry out a particular project, regulations allows that the expense may be charged fully to the project, even if it is subsequently

Non-Capital & Sensitive Equipment Policy

used for other purposes. Sponsor approval should be obtained.

Sensitive Equipment:

Although the University does not capitalize sensitive equipment for financial reporting purposes, and often the sponsor considers it a supply item, control of sensitive equipment is the same as capital equipment. The **Plant Accounting and Inventory Control** will maintain central records of all sensitive equipment assigned to each department.

The Plant Accounting and Inventory Control will also be responsible for making sure all non- capital and sensitive equipment is tagged and recorded when it is acquired.

UMBC defines **sensitive equipment** as:

All Computers regardless of cost including:

- Desktops /Workstations - Please tag CPU and cost the computer and peripherals as one unit, if purchased as one.
- Laptops
- Netbooks
- Tablets/IPads™
- Servers

Audio Visual Equipment with an acquisition cost >\$1,000 up to \$4,999 including:

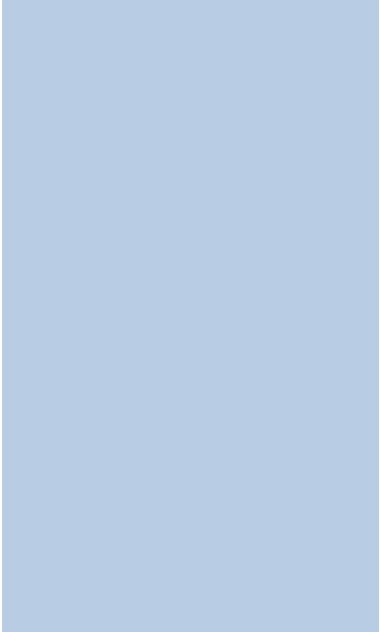
- Large Screen Televisions/Monitors
- Audio/Video Projection equipment

All Firearms. Financial Services Inventory Control staff will coordinate this inventory with the Police Department.

All Motor Vehicles. Financial Services Inventory Control staff will coordinate this inventory with the departments that own Motor Vehicles.

It's important to keep your respective administrators informed about the arrival, condition and the location of equipment. Whenever equipment is located off-campus, the **Off Campus Equipment Authorization Form** must be completed and forwarded to Plant Accounting and Inventory Control.

**Plant
Accounting and
Inventory
Control
Office**



Sponsor Furnished Property: A PI can buy equipment or receive property owned by the Sponsor. Either way, the department is required to notify Inventory Control of the sponsored furnished property. The PI should forward an Inventory Addition Form along with the receiving document to Inventory Control. This information will be used for annual and final property reporting required by the Sponsor.

It is important to note, the title for this type of equipment does not reside with the PI. With Sponsor furnished equipment the Sponsor normally retains title.

11. Project Closeout

Reports and Records

RESOURCES & TOOLS

**OSP Extramural
Award Closeout
Procedures**

**OSP Extramural
Award Closeout
Checklist for PI's**

**Financial Extramural
Award Closeout
Procedures for
Contract and Grant
Accounting**

**Financial Extramural
Award Closeout
Checklist for
Department
Administrators**

Projects are considered completed or "closed out" after the sponsor receives and approves all reports, as required by the terms and conditions of the award, and notifies UMBC's Office of Sponsored Programs (OSP) of the sponsor acceptance and closure of the project.

Reports required at the close of a project are generally due to the sponsor within 90 days of the project end date. Therefore, if a central office is submitting the report, it should be provided to the central office 30 days before the close of the project.

Common reports include:

- A final **technical** report - submitted by the PI with copy to OSP
- A final **inventions** report - submitted by the PI to OSP
- A final **financial** report - submitted by the **Office of Contract and Grant Accounting** (OCGA) upon the certification of expenditures by the PI
- A final **property or inventory** report - submitted by the **Office of Sponsored Programs**.

A few Sponsors use the same forms. However, you should be aware that not all sponsors require the same reports. Check the details of the award to confirm the required reports. UMBC's Office of Sponsored Programs houses a listing of close out forms on its **Forms** website.

From a UMBC central perspective both OSP and OCGA work together with the PI and the department to make sure all deliverables are met. OCGA is responsible for the financial closeout of the internal accounts and the final financial reporting to the sponsor, and OSP is responsible for all other closeout reporting requirements.

Should the award allow the PI to submit the project report directly to the sponsor a copy of the submission document (front page, cover letter, e-mail, etc) should be sent to OSP as evidence the report was provided. This will facilitate post award audits and minimize requests to the PI and Department staff for

evidence that reports were submitted.

Failure to submit required reports by the sponsor's deadline can result in any of the following:

- the sponsor withholding continued funding or final payment on an award
- suspension and termination of any and potentially all active UMBC awards

**OSP Award
Close-Out
Checklist for
PI's**

Record Retention: Project records, both scientific and administrative, need to be retained for specified periods after close-out **UMBC's Records Management Policy** and the terms of the award should be reviewed to determine how long records are maintained after the award has ended. Typically, the retention period is **three years** after submission of the final financial report.