THE DAILY MANAGEMENT OF AWARDS

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LET’S CREATE A PERFECT WORLD
YOU GET THE CALL...

BEST PRACTICES

- Have an initiation meeting
  - Identify who needs to be there
  - Review the proposal submitted and award document received
  - Create a financial plan for moving forward
BEST PRACTICES

- At the initiation meeting
  - Formulate subrecipient plans
  - Identify key start-up purchases
  - Set a meeting schedule for life of the grant
  - Acknowledge close-out needs

POLLING QUESTION #1
BEST PRACTICES THROUGHOUT THE PROJECT

- Continue monitoring the account
  - Continuously reconcile costs & verify expenditures
  - Ensure timely posting of expenditures
  - Maintain documentation
  - Identify potential issues and red flags proactively

WELCOME TO REAL LIFE
New to the Institution

First faculty position, but not new to sponsored projects

Just after your predecessor left, he received his first federal grant

He was keen to start his project (including purchases) before you walked in the door
THE SCENARIO

- Professor #1 comes to visit you with an armload of paper and comments about how the institution is not allowing him to make the purchases he needs to make.
- He does have a copy of his budget as it was funded.
- What do you do?

COST PRINCIPLES:
DEFINE WHEN TO CHARGE THE PROJECT

- Reasonable
- Allocable
- Allowable
- Consistently Treated

A-21, Section C: Basic Considerations
http://www.whitehouse.gov/omb/circulars_default
COST PRINCIPLES: DEFINE WHEN TO CHARGE THE PROJECT

**REASONABLE**: Public Opinion Test – Any prudent person would purchase this item & pay this price.

“Contemplating any business act, an employee should ask himself whether he would be willing to see it immediately described by an informed and critical reporter on the front page of his local paper, there to be read by his spouse, children, and friends.”

--- Warren E. Buffet

COST PRINCIPLES: DEFINE WHEN TO CHARGE THE PROJECT

**ALLOCABLE**: There is a direct relationship between each item purchased and the project.

*Necessary for the performance of the project.*

- Every purchase should be tied to one or more specific aim(s)
- Every quantity of purchase has to be supportable by the work plan.
ALLOWABLE: The cost must follow the Sponsored Agreement terms and Federal specifics.

Has to acknowledge and follow provided treatment rate in the sponsored agreement terms and conditions.

- Know the hierarchy of guidance:
  - Circulars
  - Agency Guidance / Specific Announcement
  - Institution
  - Federal Law

CONSISTENTLY TREATED: At the institutional level, costs, direct and indirect, must be treated the same in like circumstances.

Consistent with established Institution policies and practices.

- Proposing
- Charging
- Reporting
COST PRINCIPLES: DEFINE WHEN TO CHARGE THE PROJECT

- **REASONABLE:** Public Opinion Test – Any prudent person would purchase this item & pay this price.

- **ALLOCABLE:** There is a direct relationship between each item purchased and the project.

- **ALLOWABLE:** The cost must follow the Sponsored Agreement terms and federal specifics.

- **CONSISTENTLY TREATED:** At the institutional level, costs, direct and indirect, must be treated the same in like circumstances.

Cost must meet all four standards to remain charged to the project!

POP QUIZ: EXAMPLES OF WHEN COSTS MAY NOT BE CHARGED TO THE PROJECT

- To subsidize overruns on other projects

- To capture salaries of staff normally deemed overhead by your institution

- To avoid restrictions imposed by law or terms of the sponsored agreement

- Because another project has more funds…!
WHEN TO REBUDGET

- Reduction of award from proposed
- Change of scope
- Circumstance changes
- Additional funding available
- Subaward arrangements modified

BUDGET AND PROGRAM REVISIONS

- Reconvene and reset the initiation meeting
  - Formulate a new budget plan
  - Verify it meets the cost principles
  - Verify it supports the specific aims
  - Reach agreement within the team
  - THEN approach the sponsor
BUDGET AND PROGRAM REVISIONS

Key Considerations:
- **PRIOR Approval**
  - Watch for the approval from the sponsor and don’t implement until there is a positive / documented response
- Have you just created cost sharing?

COST SHARING

Very basic definition of cost sharing:

Any time the cost of the project will exceed the amount provided under the sponsored agreement.
COST SHARE - BASIC

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<th>Quantified</th>
<th>Non-Quantified</th>
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<tbody>
<tr>
<td>Sponsor Requires</td>
<td>Mandatory Commitment</td>
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<tr>
<td>Sponsor Does Not Require</td>
<td>Voluntary Commitment</td>
<td>Voluntary – Not Tracked</td>
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MEET PROFESSOR #2

- She has been at the institution for a decade.
- She is a prolific researcher, consistently bringing in an impressive amount research funding to the institution.
- She is recognized as a leader in her field.
- Professor #2 believes the previous research administrator was too detail-oriented, inflexible, and uncooperative - and wonders if you are cut from the same cloth.
THE SCENARIO

- Professor #2 comes to you and says one of her sponsors claims that they are missing a mid-year financial report.

- Sponsor has threatened to hold her next iteration grant funds until they receive the information.

- There are large unspent balances on this sponsor’s award, but her other projects are all overspent.

- What do you do?

COST TRANSFERS

- Acceptable reasons
  - Transfer pre-award costs on to the project
  - Transfer / Remove unallowable costs
  - Timely correction of an error discovered during regular reviews and reconciliations

No different than the original review of the purchase under A-21. And if costs were reviewed prior to posting the charge, you should rarely have the need of a cost transfer!
COST TRANSFERS:
HIGH RISK TRANSACTIONS

- Transactions in last two months of award
- Migrating overdrafts from one sponsored project award to another
- Transactions after 90 days of original charge
- Not following established institutional policy
- Inadequate explanations or documentation
- Potentially, adjustments to effort reports after certification

What’s not going to work
- “To correct an error”
- “To transfer costs to the correct project”
- Probably true, but you need specific details to document the whole situation

What should you address in the explanation?
- Why is this new account the appropriate one?
- What is the basis for your calculations?
- Why was the original charge incorrect?
POLLING QUESTION #2

PROCUREMENT CARDS

- Find your institutional policy, and understand it!
- Who uses the card?
- Who documents?
- Who audits?
- Documentation
  - What is required?
  - How long to keep it?
He has been at the institution forever.

He has an active research program, though he is considering starting to phase down.

He loved the previous administrator. She would complete tasks and sign paperwork for him — even without him having to ask for assistance.
Professor #3 comes to your office with a copy of an email requesting that he certify his effort using the University’s new effort reporting system.

He hands you the email and says: “Here, you need to take care of this for me.”

What do you do?

**ROLE OF THE PRINCIPAL INVESTIGATOR**

- Reviews and agrees to award terms & conditions
- Manages the science and administration of the awards
  - Oversees effort for staff working on project.
  - Initiates requests for payroll appointments and non-salary expenditures.
  - Monitors financial status of project.
  - Reviews invoices from sub-recipients and approves payment.
 ROLE OF THE RESEARCH ADMINISTRATOR

- Assist in the management of awards
  - Reviewing expenditures for appropriateness
  - Gathering subrecipient information
  - Acting as primary contact between the PI and central administration

Nowhere does this say “responsible for...”

ROLES

- The institution accepts a project on behalf of the PI
- The PI’s responsibility is to know all about the administrative side of the project.
- The Research Administrator can facilitate, fix, and track down.

First Hand Knowledge is key! If you don’t have it, don’t take on regulatory certifications.
EFFORT REPORTING

- Required by OMB A-21 (Section J.10) or A-122 for some institutions
- Signee certifies that the level of effort expended on a sponsored project is reasonable in relation to the work performed and other duties required.

KEY ISSUES A PI NEEDS TO KNOW ABOUT EFFORT

- Effort is *any* work on a specific project,
  - whether the sponsor pays your salary or not;
  - whether it happens during conventional work hours or not. *There are no nights and weekends!*

- When you write yourself into a grant proposal, you are committing your effort to the sponsor.
Certification must reasonably reflect all the effort for all the activities that are covered by institutional time.

Many activities cannot be charged as effort to a federally sponsored project.
- Writing a proposal – with the notable exception of same K Awards
- Serving on an IRB, IACUC or other research committee in an administrative role
- Attending faculty / department meetings.

Effort must be certified by someone with suitable means of verifying that the work was performed.

If you reduce your work time spent on a project (effort), paid or unpaid, on a federal grant by 25%, you must have prior agency approval. If you reduce your pay distribution, you may choose to document cost-sharing so that the total effort does not decrease.
POLLING QUESTION #3

QUESTIONS?
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