Grants Management: Pre-Award Issues

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Presenters:

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What Will Be Covered Today

I. Quiz Review from Sessions I and II
II. Just-in-Time
III. Pre-Award Negotiation
IV. Award Terms and Conditions
V. Award Processing at AU
I. Review of Selected Quiz Questions from Sessions I and II
Who is responsible for financial reporting on grants and contracts?

A. The Office of Sponsored Programs
B. The Principal Investigator
C. The Dean’s Office
D. Grants and Contracts Accounting
A PI wants to submit a proposal that includes a course release and cost share. Who should he/she contact first and why?

A. The Vice Provost in order to make sure the pre-approval is signed
B. OSP in order to help negotiate the terms with the sponsor
C. The dean’s office in order to ensure that the dean will support the requests
D. OSP in order to start the routing process
Prof. Smith has a 9-month faculty appointment at a rate of $90,000 for the academic year and is budgeted to work 100% for 1 month in the summer. What is the dollar value of the fringe benefits associated with the summer effort?

A. $5,000  
B. $2,530  
C. $600  
D. $800
II. “Just-in-Time”

• When a funding agency is considering funding a submitted proposal/application but requests additional information or documentation

• Commonly referred to as a Just-in-Time (“JIT”) request although the name of the request may vary by funding agency

• Typical JIT requests are:
  o Up-to-date current and pending support;
  o Institutional certifications;
  o Proof of compliance approval, for example from IRB (human subjects) or IACUC (animal research).
Just-in-Time (cont.)

- Just-in-Time (JIT) generally reduces the number of documents required at the proposal stage.
- Agency request for JIT information is a good sign but does NOT necessarily mean that a project will be funded.
- JIT information or documentation can be submitted in different ways (for example through NIH’s JIT module).
- Sometime principal investigators submit JIT information directly (with coordination with OSP); other times, OSP must submit.
III. Pre-Award Negotiation

• Sponsor might require additional budget justification or question some proposed budget costs.
• Sponsor might suggest programmatic adjustments.
• If sponsor plans to award less than requested:
  o Need to prepare revised budget per revised award amount
  o An adjustment in the proposed scope of work may be warranted.
Pre-Award Negotiation (cont.)

- Significant changes must be re-routed internally;
- Re-routing is decided on a case-by-case basis, but generally required when any of following occurs:
  - Major budgetary changes (typically 20% or more);
  - Significant changes in the scope of work;
  - Changes in senior/key personnel or key personnel effort;
  - Additional cost share promised.
- AU can decide not to accept an award if the sponsor’s requested revisions (for example significantly reduced budget) is not in AU’s best interest to accept.
Pre-Award Negotiation (cont.)

- If new award would overlap with existing or pending project, it might be necessary to renegotiate with sponsors.

- Time and effort of key personnel must not exceed 100%.
IV. Award Terms and Conditions: Basic Elements

• Type of agreement: e.g. grant, contract, cooperative agreement, subcontract;
• Start and end date;
• Total amount of award;
• Scope of work (can be in the form of a reference to the proposal);
• Contact information.
Award Terms and Conditions: Financial Terms

- Two main types of awards: cost-reimbursable and fixed-price. Most grants are cost-reimbursable.
  - Cost reimbursable: recipient is reimbursed for allowable costs up to the award amount;
  - Fixed-price: recipient is paid set amount for satisfactory completion of specified tasks.

- Awards specify payment terms. For example, most federal grants are on a reimbursement basis; some private foundations provide funds up front.

- If cost-reimbursable grant is paid in advance, in most cases recipient must return unspent funds.
Award Terms and Conditions: Financial Terms (cont.)

- Multi-year awards are often funded one budget year at a time. Sponsor guidelines specify whether carry-over of funds from one budget period to the next is allowed.
- Incremental funding: sponsor identifies total award amount but only makes funds available in small increments.
- Re-budgeting: awards generally specify a threshold above which recipient must request prior sponsor approval. Thresholds can be defined at the line-item or category level.
Award Terms and Conditions: Financial Terms (cont.)

• Other common restrictions on re-budgeting:
  o Often funds cannot be moved between direct costs and indirect costs;
  o Generally funds can not be used to purchase equipment unless explicitly budgeted;
  o Changes in level of effort – especially of people identified as “key personnel” – might need prior approval.
Award Terms and Conditions: Reporting

• Progress reporting (a.k.a. technical or narrative reporting):
  o Typically quarterly, semi-annual, or annual;
  o Usually submitted directly by PI (in coordination with OSP), but sometimes must be submitted institutionally;
  o Copy of report should go to OSP, some dean’s offices.

• Financial reporting/invoicing:
  o Typically quarterly but varies depending on sponsor and award terms;
  o Generally Grants and Contracts Accounting submits; sometimes school assistance needed in crosswalking expenses.

• Other reports may be required; most common include: patent, equipment, foreign tax, etc.
Awards Terms and Conditions: Intellectual Property

- Definition: any works developed with the use of awarded funds—can include publications, websites, inventions, etc.
- Generally AU seeks to retain intellectual property rights on sponsored awards when university facilities or resources are used. OSP seeks to remove or renegotiate unfavorable intellectual property clauses.
- The award recipient generally maintains intellectual property rights and grants the government a license to use intellectual property developed with federal funds.
Award Terms and Conditions: Publication

- Some awards require that any publications (including websites) be submitted to the sponsor in advance for review and comment.
- AU generally agrees to prior notification but resists any attempts to require prior approval.
- Sponsors generally require acknowledgment of their support in any published materials; AU accepts such provisions.
Award Terms and Conditions: Indemnification

- Definition: an obligation to make the other party whole in the event of loss, damage, etc., caused by the first party.
- Indemnification is a way to shift risks that may occur during the performance of a sponsored project.
- AU generally seeks to have indemnification mutual, so that neither party bears the other party’s risks.
Award Terms and Conditions: Confidentiality/Nondisclosure

• Sponsors (especially pass-through funders) often include language protecting their confidential information.
• Recipients typically must agree to treat the sponsor’s confidential information with at least as much care as they treat their own confidential information.
Award Terms and Conditions: Termination

Two kinds of termination: for convenience or for cause:

- Termination for convenience: the sponsor terminates at any time for any reason. In such cases, AU seeks to ensure that allowable expenses and non-cancellable obligations incurred before the termination are reimbursed.

- Termination for cause: the sponsor terminates because the recipient has failed to perform satisfactorily, usually after being given some time period in which to cure the nonperformance. Payment conditions vary.
Award Terms and Conditions: Other Terms

- Dispute resolution/arbitration;
- Applicable law: AU prefers DC or silence;
- Use of name/logo;

Federal awards usually invoke other sets of standard conditions (e.g. OMB Circulars, agency-specific terms and conditions, FAR clauses, etc.) which carry equal weight.
V. Award Processing at AU: 
Receipt of Award and Initial Review

- Awards are received:
  - By e-mail (e.g. NSF, NIH);
  - Through an online system (e.g. Department of Justice);
  - In hard copy (e.g. most private foundations).

- All awards received should immediately be forwarded to OSP for review.

- OSP performs initial review for compliance (human subjects, animal research, etc.)
Award Processing at AU: Award Negotiation

- OSP negotiates with sponsor on behalf of AU to ensure that the final award terms are acceptable.
- OSP works with PI to ensure that scope of work and other programmatic/technical components, as proposed in the agreement, are acceptable.
- PI is made aware of any unusual clauses.
- Other offices at AU are consulted as necessary, for example Risk Management on any insurance or security issues.
Award Processing at AU: Award Signature

- AU signatory is based on dollar value:
  - Less than $100,000: OSP Director;
  - $100,000 and over: Vice Provost for Research/Dean of Graduate Studies
- Some awards do not require countersignature:
  - Many private grants;
  - Some Federal grants (e.g. NIH, NSF, some NASA)
- When a countersignature is not required, typically submission of invoice or drawdown of funds is taken by the sponsor as recipient acceptance of the award terms.
Award Processing at AU: Project Brief

• The project brief is a document created by OSP to summarize the key terms of an award, including:
  o Basic award parameters (type, dates, amount, etc.);
  o Reporting requirements;
  o Financial terms;
  o Compliance responsibilities;
  o Unusual award terms and conditions.

• Project brief is generally sent to PI, department/division chair, dean’s office, and others as appropriate.
Award Processing at AU: Account Set-Up and Start-Up Meeting

• Based on the project brief, Grants and Contracts Accounting sets up a unique account for the new award.

• If the PI is receiving his/her first award, or if certain other criteria are met (see OSP Start-Up Meeting Criteria), OSP arranges a start-up meeting, which reviews:
  o Roles and responsibilities;
  o Reporting and compliance requirements;
  o Practical questions on project implementation.
Next Time: Grants Management: Pre-Award Issues II
December 12, 2013, 10:00-12:00
(Abramson Founders Room, SIS)

Topics to be covered:
• Ongoing contractual relationship with sponsor
  o Changes in scope of work
  o Re-budgeting
  o No-cost extensions
• Subcontractual issues:
  o Subrecipients
  o Consultants
How to Register for the Next Session(s)

Instructor-Led Session:
1. In A SuccessfulU, access the learning module by clicking on the 'Learning' tab from the 'Home' drop down menu
2. In the Search catalog bar, type "RAC" or part of the title of the course(s) you are interested in and hit enter/go
3. In the search results, you will find each RAC course listed individually and/or the entire RAC curriculum (for those who want to register for all 8 sessions consecutively)
4. Clicking 'View Course Dates' will show the upcoming class time - to register, click the 'Register' link at the right of the screen
5. Click 'Confirm' to confirm your registration
6. Your registration is now confirmed and these courses will now be on your learning plan

Online Session:
1. **Follow steps 1-3**
2. You will see within the description the dates in which each online course will be available for viewing. *(Sessions 1-3 are currently available for viewing)*
3. To "pre-register“, hover your mouse over the title of the course and click on 'Add to Learning Plan'
4. You should now see these courses on your learning plan. You will be notified once the online courses are available for viewing.
Quiz