Grants Management: Pre-Award Issues 1

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Hughes Formal Lounge, 9:30 – 11:30

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
Review of Selected Quiz Questions from Sessions I and II
What is the best definition of a grant?

A. A procurement of goods or services by a foundation or government agency
B. A gift of funds in support of a particular project or general support
C. A provision of assistance to an organization in support of an activity proposed by the organization
D. An agreement to pay for a particular project if that project is successful
What is the best definition of a sponsored contract?

A. A more detailed agreement than a grant
B. An award that is made without a competitive process
C. A procurement of sponsored goods or services for the benefit of the funder
D. The same as a grant; it just depends what the agreement is called
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 has received a grant and wants to rebudget. The PI:

A. Is free to move the funds around; there are no limitations.
B. Cannot rebudget at all.
C. Should consult the award terms and conditions.
D. Should consult the award terms and conditions and talk to OSP.
Who is authorized to negotiate sponsored awards (grant and contracts) on behalf of the university?

A. OSP
B. PI and Dean
C. Dean and OSP
D. PI, Dean, and OSP
A PI wants to submit a proposal that includes a course release and cost share. Whom 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
At AU, pre-approval forms are required at what proposal level:

A. $250,000 and over
B. $100,000 and over
C. $500,000 and over
D. Any amount
Which of the following statements about cost share is likely to be true?

A. A Request for Applications (RFA) includes a cost share requirement. Faculty and staff effort spent preparing the proposal can be used to meet the cost share requirement.

B. Prof. Jones is applying simultaneously for two federal grants that require cost share. If both proposals are successful, each grant can be used as cost share on the other.

C. If a solicitation does not require cost share but it is committed voluntarily, the commitment can be revoked later if it is hard to meet the commitment.

D. None of the above
Why are clerical/administrative salaries generally not allowed on federal grants?

A. The institution is supposed to cost share those salaries as its contribution to the research enterprise.
B. Federal agencies prefer that their limited funds be used on faculty salaries.
C. Those individuals usually have other responsibilities in addition to working on grants.
D. Those salaries are presumed to be already covered through the institution’s F&A recovery.
Just-in-Time

• National Institutes of Health (NIH) term; other agencies have similar concepts but don’t use the same term.
• When agency is considering funding a project, it requests additional information or documentation.
• Typical requests are for:
  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) 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; other times, OSP must submit.
Pre-Award Negotiation

• Sponsor might require additional budget justification or question some budget elements.
• Sponsor might suggest programmatic adjustments.
• If sponsor plans to award less than requested:
  o Need to prepare new budget on awarded amount
  o Need to adjust statement of work (unless general support grant).
Pre-Award Negotiation (cont.)

• Significant changes must be re-routed internally;
• Re-routing is decided on a case-by-case basis, but factors include:
  o Major budgetary changes (typically 20% or more);
  o Significant changes in the scope of work;
  o Changes in key personnel or key personnel effort;
  o Additional cost share promised.
• AU can decide not to accept an award if the sponsor’s requested revisions (for example significantly reduced budget) make it not in AU’s interests to accept.
Pre-Award Negotiation (cont.)

• If new award would overlap with existing or pending project, it might be necessary to renegotiate with sponsors. For example, a PI received two simultaneous grants for the same research project; AU negotiated revised budgets with the two sponsors.

• The key issue with having multiple funders for the same project is time and effort of key personnel: must not exceed 100% and must be within existing award guidelines.
Award Terms and Conditions:
Basic Elements

• Type of agreement: e.g. grant, contract, cooperative agreement, subcontract;
• Start and end date;
• Total amount of award;
• Statement 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 year at a time; sponsor then specifies carry-over provisions from one budget period to the next.
- 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 can not 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.
  o Some awards specify that funds can not be moved out of budgeted training costs.
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, but sometimes must be submitted institutionally;
  o Copy of report should go to OSP, some dean’s offices.

• Financial reporting/invoicing:
  o Typically quarterly;
  o Grants and Contracts Accounting submits; sometimes school assistance needed in crosswalking expenses.

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

- Definition: any works developed with the use of awarded funds – can include publications, websites, inventions, etc.
- Generally AU should retain intellectual property rights on sponsored awards. OSP seeks to remove or renegotiate unfavorable intellectual property clauses.
- Federal grants retain for the government a license to use any 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.
• 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.
Award Processing at AU: Receipt of Award and Initial Review

• Awards are received:
  o By e-mail (e.g. NSF, NIH);
  o Through an online system (e.g. Department of Justice);
  o 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 statement of work, as presented in the agreement, is 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:
  o Less than $100,000: OSP Director;
  o $100,000 and over: Vice Provost for Graduate Studies and Research.

• Some awards do not require countersignature:
  o Many private grants;
  o 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, Grants and Contracts Accounting, and others as appropriate.
Award Processing at AU: Account Set-Up and Start-Up Meeting

- Based on the project brief, Grants and Contracts Accounting set 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:
  - Roles and responsibilities;
  - Reporting and compliance requirements;
  - Practical questions on project implementation.
Next Time: Grants Management: Pre-Award Issues II

December 13, 2012, 9:30-11:30 (Mary Graydon Center 4&5)

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
Quiz