



# PRINCIPAL INVESTIGATOR HANDBOOK

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# INTRODUCTION

American University (AU or the University) is granted financial resources by our sponsors to perform research, provide instruction, or perform a public service. Those resources, however, do not belong to us; we do not own them, but rather, we administer them in order to carry out the purpose for which our sponsors have entrusted them to us. The Principal Investigator Handbook is published by the Office of Sponsored Programs (OSP) and the Grants and Contracts Accounting (GCA) to assist the sponsored research community with the administrative aspects of sponsored research at American University (AU) and to ensure that we manage the resources entrusted to us in such a way that any external entity, be it auditors, sponsors, compliance regulators, or the public community can review them without question or concern.

## I. GENERAL INFORMATION

This Principal Investigator Handbook consolidates most of the information needed by AU Principal Investigators (PIs or Investigators) into one document. It is not, however, all-inclusive and must be used in conjunction with AU policies and procedures, federal regulations, sponsor requirements, and individual award terms. It includes details about proposal submission and discusses items that can prevent delays in processing. Investigators are encouraged to read this handbook and to refer to it as needed. Please note: At AU, Principal Investigator and Project Director (PD) may be used interchangeably. However, if more than one investigator exists on a sponsored project, the PI is responsible for project oversight.

This Handbook is also meant to provide guidance for meeting the audit requirements of various funding agencies and for avoiding administrative problems that can be frustrating and cause delays in award processing. It is intended as a common reference for PIs/PDs who submit proposals and are responsible for the day-to-day administration of managing external funds.

### ***Research Administration Education for AU Investigators***

Any member of the University who will be listed as the PI/PD on an award is required to take the on-line [Research Administration Certification \(RAC\)](#) program designed for AU PIs/PDs prior to receipt of an AU approved award. This certification is valid for three years. OSP will keep a record of all AU PI/PD RAC certifications and will notify each PI/PD when recertification is needed.

### **Governing Authorities for AU Sponsored Projects**

Sponsors fund projects based on the professional expertise of the PIs/PDs submitting proposals. However, the formal award is made to AU. The University has administrators and administrative support systems in place to provide the necessary structure, systems and training needed to make appropriate stewardship possible. AU creates the infrastructure within which the PI/PD conducts the project, but when the award is accepted, the PI/PD is responsible and accountable for all programmatic and financial monitoring aspects of the sponsored project. Thus, the PI/PD and the University have a mutual interest in carrying out the project for which the funds are awarded in the manner specified in the award documents.

Accordingly, externally sponsored projects are required to follow sponsor, University, and federal/state guidelines. Federal guidance from the Office of Management and Budget (OMB)

Federal Uniform Guidance (UG) for Grants and Agreements is found [here](#). AU policies are found [here](#).

## II. AWARD LIFECYCLE

This handbook has been designed to follow the typical lifecycle of an award from the beginning, or 'pre-award,' phase through to the termination, or closeout phase of an award. Thus, the award lifecycle has two major phases: pre-award and post-award. Sponsored research at AU has been designed to inform the research community of all activities included in sponsored research and to provide guidelines on accomplishing all tasks involved in completing these programmatic (scientific), administrative, and financial award activities.

### The Award Lifecycle



## III. ROLES AND RESPONSIBILITIES

A complete list of roles and responsibilities relating to sponsored research at AU is located in AU's [Roles and Responsibilities Matrix](#). The following is an overview of the general responsibilities of major roles involved in sponsored research. A brief overview of the roles and responsibilities for each area of research administration is provided below.

### General Functions of the Principal Investigator

The PI/PD is the individual designated by the University, and approved by the external sponsor, to be responsible for conducting and completing the technical work and for administering the project according to state and federal regulations as well as the policies of the sponsor and the University. That is, the PI/PD is responsible for conducting research that generates independent,

high quality, and measurable results. In this role, the PI/PD is responsible for the management and integrity of the programmatic design, conduct, and reporting of the research project and for managing, monitoring, and ensuring the integrity of any collaborative relationships related to the performance of the project. Appointment to this position requires specific approvals in the proposal routing and approval process as outlined in the Principal Investigator Eligibility Policy located [here](#).

In general, only one individual is named PI/PD to permit clear lines of responsibility for project management. In some instances, a colleague with equal or significant project management responsibilities is designated as a Co-Investigator (Co-I), Co-Principal Investigator (Co-PI) /Director, or other similar title. A Co-PI is recognized as an individual who shares with the PI/PD the responsibility for the conduct of a research project, including meeting the reporting requirements.

### **General Functions of the Unit Research Administrators**

Unit Research Administrators are the first point of contact for the PI/PD and will assist the PI/PD with proposal development and award management. They coordinate with the PI, department, school and central administration personnel to support and provide guidance on compliance, financial and personnel matters, and other related aspects of sponsored projects.

### **General Functions of the Office of Sponsored Programs**

The Office of Sponsored Programs (OSP) is responsible for all pre-award and non-financial post-award functions, including proposal submissions, the negotiation and acceptance of all sponsored awards and agreements on behalf of American University.

OSP assists American University faculty and staff with proposal preparation, interpretation of sponsor policies/guidelines, including applicable regulations, sponsored programs training, education, and communication. OSP works closely with Grants and Contracts Accounting (GCA) in managing all externally-funded sponsored awards.

### **General Functions of Grants and Contracts Accounting**

As a unit of the Controller's Office, GCA provides accounting and post award financial administration support services for the university's sponsored programs including developing policies and procedures and related education programs to ensure compliance with federal and private regulations.

# PRE-AWARD ADMINISTRATION

The work of pre-award research administrators paves the way for successful application submission and implementation of the funded project. Pre-award begins with locating funding opportunities and ends once an award is received. The next section provides the roles and responsibilities of PIs/PDs and support offices to ensure accurate processing during the pre-award process.

## IV. PROPOSAL DEVELOPMENT AND PROCESSING

### Finding Funding Opportunities

The Office of Graduate Studies and Research (OGSR) assists faculty and staff in the broad aspects of proposal development for their research, scholarly, and creative programs, by disseminating funding opportunities, as well as providing grant writing consultants. Faculty and staff members are encouraged to use the university's contracted consulting services which include (a) grant writing training sessions and one-on-one consultations in person or remotely and (b) proposal consultation and editing services. To schedule an appointment with consultants providing these services, please contact the Office of Graduate Studies and Research at 202-885-3753 or the Office of Sponsored Programs at [osp@american.edu](mailto:osp@american.edu) or 202-885-3440.

### Proposal Development

#### *Initial Contact with the Sponsor*

A key element of successful proposal writing, as recommended by many sponsoring agencies, is establishing a relationship with the potential sponsor early in the process. The purpose of this initial contact is to confirm the common areas of interest of the sponsor and the PI/PD. Having a contact at the funding agency ensures that key questions are answered up front prior to writing the full proposal. A PI/PD may initiate contact with a sponsor to confirm research interests through a telephone call, an office visit, a letter of intent or a preliminary proposal. While prior approval or clearance is not needed when contacting a government agency for potential funding, both the Office of Development and OSP should be informed before contact is made to a non-government agency. As there are multiple opportunities for some foundations to be approached by the University community, a coordinated effort maximizes the University's ability to successfully compete for limited funding.

**NOTE:** *The various sponsor approaches described above, while applicable to many situations, do not reflect the multiplicity of sponsor options. Unless the potential PI/PD has had previous experience with a potential sponsor, or unless the program announcement states a specific course of action, the PI/PD should contact OSP to determine the most appropriate method of approach to a potential federal and non-federal sponsor. The Senior Director of Foundation and Corporate Relations should also be contacted to determine the most appropriate method of approach for non-federal sponsors.*

#### Proposal Preparation

The format or presentation used for a proposal will depend on the requirements of the sponsor. Many sponsors have developed policies and procedures for the submission of proposals and may require the use of specific application forms or electronic web-based systems. Many also have page limitations, particularly on the narrative portion. It is crucial the university meets all

sponsor requirements as applications not conforming to sponsor formatting requirements may jeopardize the proposal's success. PIs/PDs should obtain the most recent version of the sponsor's application guidelines and should follow the required proposal format. Guidelines or URLs should be forwarded to the PI's unit research administrators as soon as possible. To facilitate timely internal review and processing, PIs/PDs are required to send applications to unit research administrators for review at least two weeks prior to the due date of the proposal. Successful proposal development is a team effort that involves cooperation and coordination amongst faculty/staff colleagues and the administrative staff of the University.

Unit Research Administrators and OSP will aid in proposal budget development and interpretation of guidelines from funding agencies. Unit Research administrators will work with the PI/PD to develop a budget and complete sponsor and institutional forms. The OSP team will assist in drafting or editing portions of the proposal text related to administrative or institutional issues as requested. In addition, the OSP team will provide guidance on budgetary issues and obtain the signature of the authorized institutional representative.

When a PI/PD has identified a funding opportunity he or she intends to pursue, it is important to start coordinating with their college's Unit Research Administrator immediately as the proposal development process may take two to three months or longer to meet an expected due date. Revised applications and renewals usually take less time, but are still a major effort that should not be underestimated. Note that OSP and Unit Research Administrators cannot guarantee submission of a proposal by a deadline unless sufficient time is provided for internal review and approval processes. As per American University's [Proposal Submission Policy](#):

- The final complete budget, additional administrative materials, and the nearly final narrative are due to OSP five working days prior to the proposal submission deadline. This includes all required sub-recipient documentation.
- The final complete proposal, including the final proposal narrative, are due to OSP two business days prior to the proposal submission deadline.

Final changes between the two deadlines are allowable when the edits have no impact upon the budget or other administrative documents. Please consult with the Unit Research Administrator in your college or academic unit for proposal submission deadlines specific to the academic unit.

## **Types of Proposals**

A proposal is a request for financial support for a sponsored project. Generally, a proposal consists of a technical section and a budget section. Two types of proposals are submitted on behalf of PIs/PDs in search of sponsored funding: solicited proposals and unsolicited proposals.

### ***Solicited Proposals***

Sponsors may solicit formal proposals by publishing a specific program announcement sometimes referred to as a Request for Proposal (RFP) or Request for Application (RFA). Proposals submitted in response to these specific solicitations may contain specific terms and conditions and formatting requirements.

### **Requests for Applications (RFAs)**

Requests for Applications (RFAs) are typically one-time solicitations for grant applications addressing a defined research topic. Each RFA specifies the scope and objectives of the research



to be proposed; application requirements and procedures; and the review criteria to be applied in the evaluation of applications submitted in response to the RFA. Although there are exceptions, these types of solicitations offer only one Application Receipt Date.

Occasionally, RFAs limit the number of proposals an institution may submit. Please review the [AU Limited/Restricted Proposal Submission Policy](#) for more information.

### **Solicitations or Requests for Proposals (RFPs)**

An RFP is a sponsor's official solicitation document that communicates to prospective applicants the research or services needed, and formally invites the submission of proposals. The purpose of the RFP is to convey all information that prospective applicants need to prepare a proposal. In addition to a description of what is needed, the RFP also contains various representations and certifications that are required of prospective applicants, proposed terms and conditions that would be applicable to any resultant contract, instructions on how to prepare proposals, and information as to how the sponsor will evaluate proposals and determine who is selected for an award.

### ***Unsolicited Proposals***

Unsolicited proposals are submitted to a potential sponsor in accordance with general guidelines and statements of interest rather than as the result of a specific solicitation. If the sponsor decides to fund the proposed scope of work, the funding may take the form of a grant, contract or cooperative agreement. Most large sponsors have set deadlines for the submission of unsolicited proposals, as well as published schedules for the review and notification processes.

### ***Pre-Proposals***

A pre-proposal (sometimes called a white paper, letter of inquiry, letter of intent, preliminary proposal, pre-application, or concept paper) is a short (generally 2-5 pages) description of a proposed project, and it does not normally involve the commitment of university resources.

A pre-proposal may include a total cost estimate but does not include a budget, and it is not expected to result directly in an award. Usually, the purpose of a pre-proposal is to inform and heighten the interest of a potential sponsor so that the sponsor requests a more detailed formal proposal. If the sponsor does not require the signature of the institutional official on the pre-proposal or does not require the commitment of university resources at the pre-proposal stage (e.g. institutional cost share), then the investigator is not required to route the pre-proposal through the University's proposal routing process. However, if a sponsor does require the signature of the institutional official on the pre-proposal or requires the commitment of university resources at the pre-proposal stage (e.g.: institutional cost share or a detailed budget), then the investigator is required to route the pre-proposal through the University's proposal routing process. NOTE: In cases where a pre-proposal is submitted via an electronic system by an institutional official (e.g., Grants.gov, Fastlane), the pre-proposal must be processed through the University proposal routing process. In addition, it is requested that, in those cases where approval is not required at the pre-proposal stage, that a copy be forwarded to OSP as well as the appropriate college-level designee following submission.

## Types of Pre-Proposals

### **Letter of Inquiry**

A Letter of Inquiry is a general presentation of a sponsored project idea designed to elicit feedback from a potential sponsor. As in telephone inquiries or agency visits, no formal commitments should be made without institutional approval. Letters of Inquiry do not require review from OSP, and no formal routing is necessary, unless required by the individual's academic or business unit head or dean. Individuals are strongly encouraged, however, to forward a copy of such correspondence to their unit research administrator and OSP staff member so that OSP may be prepared for proposal development resulting from such inquiries.

### **Letter of Intent**

A Letter of Intent (LOI) expresses the intention to submit a proposal in response to a program announcement (PA) or RFP. Letters of Intent are generally solicited by the sponsor in conjunction with announcements expected to generate widespread interest. Agencies generally require that such letters present only a general statement of the intended research theme or project. If the letter of intent contains budget estimates, it is required to be reviewed by and routed through OSP prior to submission.

### ***Renewal and Continuation Proposals***

A competing renewal proposal (also called a competing continuation) is a request for continued funding of a project for which funding is about to terminate. Such proposals are similar to "new" proposals and must be routed and approved in the same manner.

Noncompeting continuation proposals, which request the next year's funding within a multi-year grant, generally consist of a progress report, budget, and other relevant materials such as research results, reprints, vitae for new personnel, etc. Noncompeting continuation proposals sometimes include a financial status report indicating the unobligated balance for the current year. Read the appropriate guidelines carefully, as federal sponsors are eliminating some requirements in their efforts to reduce paperwork and streamline their processes.

In some cases, sponsors require the signature of the institutional official on the application page of noncompeting continuation proposals, and investigators are required to route noncompeting continuation proposals through the University proposal routing process, even if a budget is not required by the sponsor. This is to ensure that appropriate university officials are informed of the current status and any changes from the original proposal before the institutional endorsement is provided.

### ***Supplemental Proposals***

Supplemental proposals request additional support of a funded project. Examples of this type of funding include the National Science Foundation Research Experience for Undergraduates (REU); Research Experience for Teachers (RET) and the National Institutes of Health Research Supplements to Promote Diversity in Health-Related Research program. Any supplemental proposal must be routed for institutional review and approval before submission to a sponsor.

### ***Consortium / Joint Proposals***

This type of proposal refers to projects that will involve investigators at more than one institution. In general, one institution will be designated as the lead at the time of proposal submission (however, in cases of specific collaborative proposals, proposals may be linked electronically for submission, with separate awards being made to each institution). The lead institution accepts full funding and full responsibility for the performance of the project from the sponsor. Subaward agreements are then issued to transfer part of the work and appropriate funds to the other participating institutions.

Generally, all conditions imposed by the sponsor on the lead institution are also imposed on the subawardee(s). All subawards, both to and from American University, are negotiated by the Office of Sponsored Programs. When American University is the lead institution, OSP requires a [Subrecipient Commitment Form](#) that includes a full budget and scope of work, signed by an authorized institutional official and a [Subrecipient Monitoring Pre-Qualifying Questionnaire](#) from each participating organization. When American University is the subawardee, the information (scope of work, budget, etc.) sent to the lead organization must be processed as a proposal through the University's routing process prior to submission.

### ***Limited-Submission Proposals***

When sponsors restrict or limit the number of proposals or applications it will accept from American University for sponsored funding consideration, AU's [Limited Submission Policy](#) will apply. Sponsors vary on how they impose such a limitation, for example, limiting an institution to a specific number of applications for the entire institution. Due to the variations in sponsors' specification of limited submission requirements, OSP coordinates all limited submissions processes for all academic units at AU.

### ***Transferring an Award from another University***

When a faculty member transfers to AU from another institution, the former institution will close out its agreement with a sponsoring agency. The sponsoring agency will then award a new funding agreement to AU. The first step in transferring an agreement is for the relinquishing institution to notify the sponsor of the remaining balance and the new end date. The PI/PD should work with their former institution to determine the remaining balance of the agreement. Next, the PI/PD will submit a proposal from AU to the sponsoring agency in the amount of the remaining balance. OSP will contact non-federal sponsoring agencies for forms required to transfer an award from another university. Many federal agencies have special forms for both the relinquishing institution and the institution to which the award is being transferred.

### ***Transferring an Award to another University***

In the event a faculty member separates from the University it is important to consult OSP as soon as it is known that a separation is planned. All grants are awarded to the University and terminating, transferring, or changing the PI/PD on an award require OSP's involvement. In the case where the University cannot find a qualified PI/PD to take over the award, the PI/PD can seek sponsor approval to take the award to another institution. For federal awards there is a set procedure for terminating/transferring awards. For non-federal awards the procedure may vary and, in some instances, requires negotiation of a tri-party agreement.

## **Special Circumstances**

### **Individual Fellowship Awards**

Faculty and staff members may submit proposals for individual awards and fellowships to organizations offering individual fellowships. Unless specified by the sponsor, an application or proposal for these awards does not require University approval or routing through OSP. When fellowship awards are made directly to individuals as remuneration for research or administrative fellowship assignments during sabbatical or other approved leave, the University, through OSP, does not accept or assume administrative or financial obligations on behalf of individual fellowship award recipients.

### **Graduate Fellowships**

Some graduate student fellowship programs sponsored by government agencies (such as the Fulbright-Hays through the U.S. Department of Education) require submission through the University. If the University accepts a graduate fellowship sponsored externally, a named PI/PD must be selected for the project and will be responsible for project oversight. Students cannot serve as PIs/PDs. The named PI/PD is usually a faculty member supervising the student's research training.

## **Key Proposal Components**

The following section describes in detail how to develop a generic proposal to a funder. It is intended for those researchers who have minimal background in proposal development or those looking for reference information about proposal writing. Please be aware that some sponsors have very specific guidelines for developing and submitting a proposal. In all cases, individual sponsor guidelines should be followed.

### ***Cover Sheet or Face Page***

Most sponsoring agencies specify the format for the cover sheet, and some provide special forms to summarize basic administrative and fiscal data for the project. Generally, the principal investigator, his or her department head, and an official representing AU all sign the cover sheet. In addition, the cover sheet usually includes the name of the agency to which the proposal is being submitted, the title of the proposal, the proposed project performance period, the total funds requested, the name and address of the college/academic unit submitting the proposal, and the date submitted. Some agencies want the cover sheet to specify whether the proposal is for a new or continuing project. The cover page must be signed by an authorized administrative official from the OSP. Follow the directions for completing a cover sheet exactly.

While most sponsors require applicants to fill out an official cover page for the proposal, in the absence of that cover page, applicants should include a signed cover letter on AU stationery addressed to the sponsoring organization specifying the following information:

- Project Title
- Project Summary
- Total Cost of Project
- Funds Requested from Sponsor
- Name, Position, Address, Phone number, E-mail, and FAX number of PI
- Signature block for PI/PD
- Signature block for AU Authorized Signatory
- Address, Phone Number, E-mail, and FAX number of the AU Office of Sponsored Programs

## ***Title Page***

Although titles should be comprehensive enough to indicate the nature of the proposed work, they should also be brief. One good way to cut the length of titles is to avoid words that add nothing to a reader's understanding, such as "Studies on...," "Investigations...," or "Research on Some Problems in...." A good title is usually a compromise between conciseness and explicitness. The title page should include not only the title of the project, but also the submission date, to whom the proposal is being submitted, and the name of the institution submitting the proposal, e.g., "Submitted to the National Endowment for the Humanities by American University."

## ***Abstract***

While an abstract is not required by all sponsors, it is a highly effective means of presenting a project to a reviewer or a review panel. The abstract should highlight the scope of the proposed research, including its objectives and the intended methodology, the anticipated results, and a statement of potential significance. Unless otherwise required by the sponsor, abstracts should not exceed one typed, double-spaced page. In general, the abstract should stand alone as a complete description of the proposed project.

## ***Table of Contents***

A table of proposal contents should be included immediately following the abstract page. A list of illustrations or tables should also be prepared, if appropriate. Since the abstract precedes the table of contents, it is not listed there.

## ***Introduction or Background***

While usually brief, the proposal introduction is one of the most important parts of the grant Application since it provides the rationale for the proposed project. The introduction should engage the reviewer's attention, encouraging a full reading of the proposal. Statistically, proposals that are read through at one sitting have a higher rate of success. Here are some general guidelines for the preparation of the proposal introduction:

- tailor the introduction and the technical narrative to the specific guidelines or funding criteria of the sponsor;
- state the problem, but emphasize why you and/or the University should be funded to address the problem;
- mention your previous accomplishments relevant to the research proposed;
- describe your ability to carry out the project proposed;
- construct the final paragraph of the introduction to lead into the next section of the proposal.

## ***Technical Description***

This description is a detailed extension of the proposal abstract. It should include a statement of past work that supports or has made possible the proposed study, as well as a specific description of recent research. Indicate how the proposed research will relate to and reflect the current state of the art. Explain project goals and methodology carefully. To the extent possible, describe in detail a research plan for project period. The elements assist the reviewer to evaluate the feasibility of the proposed project.

It may be appropriate to justify certain budget requests in the technical proposal, especially if they are unusual or expensive (such as equipment that reviewers might expect to be part of the

University's facilities), or if the proposed research will require an unusual amount of costs for travel, publications or supplies.

Explain the tasks to be completed by all project personnel. Include current Curricula Vitae (CV) for all senior project personnel. If postdoctoral associates and/or graduate or research fellows are known, submit their vita as well. OSP recommends that all curricula vita submitted follow a similar format. Always check sponsor guidelines for vita requirements regarding required information, formatting, and page limitations.

Bibliographies, tables, charts, illustrations, reprints and other supplementary materials may be included if they enhance the effectiveness of the presentation. Many sponsors, however, limit the number of pages of text; check to see if supplemental materials, such as appendices, are included in the page limit.

### ***Data Management Plans***

Some sponsors require proposals to include plans for managing data and sharing the results of research that they fund. The Data Management Plan should detail how the proposal will conform to the sponsor's policy on the dissemination and sharing of research results. If no data are involved in a proposed project, the Data Management Plan can be very short and simply state this fact. The Plan should reflect best practices in the area of research, and it should be appropriate to the data produced. The process of preparing a Data Management Plan gives the PI/PD and collaborators an opportunity to address data management matters prior to the start of the project. View more information regarding [guidelines for developing Data Management Plans](#). Sample Data Management Plan [templates](#) are also located online and available as needed.

### ***Budget***

The PI/PD should begin estimating costs as soon as the parameters of the technical proposal are established. Proposal budgets detail the costs necessary to meet the objectives of the project. PIs/PDs, with the assistance of unit research administrators, are responsible for preparing the budget. Unit research administrators, in consultation with OSP as necessary, will ensure that the proposal budget complies with specific sponsor requirements and University policies and practices. Budget formats vary according to sponsor guidelines. In addition to budget forms required by the sponsor, OSP has developed an "internal budget" for review and routing purposes. A completed OSP budget template is mandatory and must be included when routing a proposal.

The internal budget may include more or fewer categories than the sponsor's budget form. The internal budget can also be used if the sponsor does not require a specific budget format. In preparing budgets, there are University guidelines that must be followed. The [Budget Development Guide](#) on the OSP website is helpful in preparing a budget.

Budgets include two categories of costs: Direct and Indirect Costs.

#### **Direct Costs**

Direct costs are costs that can be associated entirely with project or program goals or objectives. This may include project materials, program staff salaries, and other fees that pertain only to the project or program that generated the costs.

## Salaries and Wages

All personnel who will devote time to the project are listed in the budget, unless the sponsor does not pay faculty salaries (based on the sponsor's guidelines). Titles, the percentage of time to be spent on the project (also considered level of effort), base salaries, and the amount the sponsor is asked to pay to support each person for the budget period (or their individual period of performance) is also included.

Proposed salaries are estimates and should be calculated in accordance with established University guidelines. When the sponsor allows, salary estimates beyond the current fiscal year merit increases (which are not guaranteed) should be included at an escalation rate of three percent. Deviations from this percentage must be routed to OSP.

Pursuant to federal regulations issued by the Office of Management and Budget (OMB), salaries charged to sponsored agreements may never exceed the proportionate share of the employee's base salary for that period (based on level of effort applied to the project). OMB regulations further instruct that rates of pay may not be anything other than the employee's base salary with the University. These regulations apply to federal awards and to PIs/PDs who have a combination of federal and non-federal awards.

Some faculty salaries are based on nine months of full-time service during the twelve-month academic year (AY). This income is the base salary. Sponsors differ on whether they provide funds during the summer months. Please contact your unit research administrator for any questions you may have regarding whether or not summer salaries are allowed by the type of appointment or funding opportunity.

Staff positions committed at 80 percent or more of time to a sponsored project and on some other university supported work are considered full-time. New staff must be classified and recruited via processes determined by the Office of Human Resources. The twelve-month salary for a staff person is the base salary. Staff supported by sponsored funds may be permanent or temporary appointments hired specifically for the sponsored project/program.

Some proposals involve course releases, a reduced workload, or a workload reallocation for a faculty member to work on an externally-funded project.

For budget preparation and research planning purposes, the University uses the following assumptions about the allocation of a faculty member's time:

- Teaching, 60%
- Research, 30%
- Service, 10%

Based upon the University's average *four-course* load for tenured and tenure track faculty a course release can be calculated in two ways. The first is done by allocating 30% of effort during a semester to a sponsored project. The second is done by allocating 15% of effort for the entire academic year to a sponsored project. If more than one course release is requested in a year, the allocations will change. These are guidelines, however, and the final decision regarding course releases are made by the respective dean, based on the teaching unit's needs. The time period for the course release should be clearly specified in the AU budget and/or budget justification. Faculty and staff who are requesting

course releases or workload reallocation are encouraged to contact their respective unit research administrator as applicable guidelines vary from unit to unit.

Typically, University sponsored graduate financial aid awards do not include a service requirement; however, since monthly stipend and tuition remission are appropriate charges to some sponsors, graduate students working on a sponsored project will be required to work to receive a stipend and up to eighteen (18) hours of remitted tuition.

### **Fringe Benefits**

Fringe benefits (FB) expenses represent contributions to the University health and retirement plans that the University must pay on behalf of an employee. These costs are the non-salary costs associated with the University's contributions to Social Security (FICA), retirement programs (such as TIAA/CREF), health insurance, disability insurance, life insurance, worker's compensation, unemployment compensation, and tuition remission that are calculated as a percentage of salary expenses. The University is required to charge fringe benefits for all AU employees charging salary to a sponsored project. Fringe benefits are charged as a direct cost and calculated as a percentage of the employee's salary expense. These rates are charged to sponsored projects from which AU personnel are paid. These costs are expressed as a rate by employee class. These rates are then applied to the applicable employee salary to represent the associated benefits for that type of employee.

The fringe benefit rates are predetermined for a specified period by the University's Federal cognizant agency, Department of Health and Human Services (DHHS); the current rates are in effect until the end of the negotiated period and are provisional after that time. View current fringe rate benefit rates [here](#).

### **Subrecipients**

Subrecipients, also referred to as subcontractors, have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Unlike consultants, subrecipients are responsible for performing a substantive portion of the proposed project/program. If 50% or more of the requested funding will go to a subrecipient, a justification should be prepared by the PI/PD and included in the proposal record. The proposed subrecipient should provide a statement of work (SOW) and a detailed budget including supporting documentation (i.e. institutional negotiated indirect cost rate) for its portion of the proposed sponsored project/program.

When developing proposal budgets that involve foreign subrecipients, PIs/PDs must be aware that AU is not responsible for changes in currency rates that occur after the proposal is submitted and awarded by the sponsor (federal or non-federal). Therefore, there is a potential for foreign subrecipients to request payment in their respective currency which would have a direct impact on the project budget. Use the applicable rate at the time the proposal budget is created when calculating exchange rates. If currency rates change after an award is given by the sponsor, AU may not be able to request additional funding from the sponsor. An exception may be granted when the sponsor allows additional funding and/or re-budgeting requests to accommodate foreign currency adjustments that occur after the proposal is submitted and awarded.



### **Consultants**

Consultants provide expertise from outside the University and cannot be AU employees. Consultants can be either an individual or an organization who provides goods and services within normal business operations, meaning they provide similar goods and services to many different purchasers; operate in a competitive environment; and provide goods and services that are ancillary to the operation of the sponsored program. Per OMB 2 CFR 200.330, consultants may not be subject to all compliance requirements of an award, but consultant rates may be subject to approval by the sponsor. Rates should be consistent with rates of other consultants providing similar services. If the proposal is awarded, the consultant will enter into a consultant agreement with AU. All consultant agreements entered into on behalf of AU must be signed by the proper department based on the AU Signatory Policy outlined [here](#).

For more information on consultant agreements, contact your unit research administrator or the [Procurement and Contracts department](#).

### **Capital Equipment**

Equipment is defined as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more. PIs/PDs should communicate potential equipment purchases to unit research administrators, OSP and GCA staff to ensure adherence to University and sponsor policies. For purposes of sponsored research, any equipment that is valued at \$4,999 or less should be categorized as materials and supplies.

### **Travel**

Sponsors will generally pay international or domestic airfare if such travel is necessary to the project and is so justified and included in the approved budget. Travel includes transportation costs incurred while on official travel status, as well as local travel such as mileage and parking generated to conduct the activities of the sponsored project. The mileage rate is set by the federal government on a yearly basis and is located at <https://www.irs.gov/tax-professionals/standard-mileage-rates>. It is important to note that while the AU travel policy may vary, receipts are needed to support all travel related expenditures above a \$75 federal threshold. This includes receipts for lodging and individual meals/incidentals that exceed the threshold regardless of the per diem or actual reimbursement method selected. The AU domestic travel policy can be found [here](#).

Federal regulations govern the use of federal funds (grants, contracts, cooperative agreements) and the selection of air carriers for foreign travel. For federally-sponsored projects, all international travel must be reported to the PI's academic unit in advance of the trip. All international flights must be on U.S. carriers in accordance with the [Fly America Act](#). Therefore, foreign flag air carriers may not be used solely on the basis of costs. If a U.S. carrier is not available, PIs/PDs are required to check with their assigned OSP staff member to seek sponsor approval. The AU international travel policy can be found [here](#).

### **Participant Support**

Participant Support relates to direct costs for items such as stipends, subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees in connection with conferences or training projects. These costs can not include items paid on

behalf of AU employees as described in the [AU participant support policy](#). Additionally, sponsor approval is required to adjust the approved budget amount for this category.

### **Other Direct Costs**

The other direct costs category includes those costs that are not appropriate to be included in other cost categories discussed in this section or as requested by a sponsor's budget form. Other direct costs may include:

- Supplies and other expendable materials, such as film;
- Computer software;
- Equipment maintenance and repair;
- Printing and publishing;
- Photocopying;
- Publication costs, such as page charges and reprints;
- Communications: telephone, postage, express mail, fax, and courier service costs;
- Meeting expenses;
- Conference registration costs;
- Space (lease or rental of off-campus space);
- Insurance;
- Remuneration to research participants/participant incentives

### **Indirect Costs**

Indirect costs are real costs that provide reimbursement for actual institutional expenses that support multiple projects or activities and are therefore, not directly traceable to a particular grant, contract, project function or activity. These costs may also be called facilities and administrative (F&A) expenses or overhead (OH) costs. Unlike direct costs which can be identified specifically with particular cost objectives such as a grant, contract, project, function or activity, indirect costs are needed to operate the university as a whole. As a result, indirect costs are often allocated to departments, products, etc. by the use of an indirect cost rate. These rates are used to equitably distribute indirect costs to cost objectives based on the proportion of benefit being received.

Unless otherwise documented as discussed below, indirect costs must be included in the budget of every proposal. AU's federally-approved Negotiated Indirect Cost Rate Agreement (NICRA) reflects the [current rates](#) in place for both "on" and "off" campus sponsored activity. For a project to be considered off-campus, more than 50% of the project must be performed off-campus and justified in the budget narrative. The University and DHHS, which is its cognizant federal agency for indirect rate negotiation, have agreed on the current negotiated indirect cost rate for federal contracts and grants. Currently, AUs negotiated rates assess indirect costs on a modified total direct costs (MTDC) basis. 2 CFR 200.68 states that the MTDC basis excludes assessment of indirect costs on tuition, capital expenditures, space rental, sub grants or subcontracts in excess of \$25,000, and participant support costs.

Pursuant to AU's NICRA with DHHS and OMB's Code of Federal Regulations (CFR), an equivalent indirect cost rate must be applied to projects that are funded by private and nonfederal sources. Some private sponsors (foundations in particular), however, have specific written policies that preclude or restrict indirect costs. Additionally, some federal agencies limit indirect costs for instructional (or training) programs. Pursuant to approval of the Provost, OSP will honor a

sponsor's policy, or limitations on indirect cost; however, such policy or restriction is required to be provided in writing by the sponsor as per the [University Policy on F&A Costs on Sponsored Projects](#). Requests to waive indirect costs should be submitted in writing from the PI/PD and submitted to OSP for initial review. After initial review, the Vice Provost for Research/Dean of Graduate Studies will submit the request to the Provost for final decision.

### ***Program Income***

Program income is the "gross income earned by a recipient that is directly generated by a sponsored activity or earned as a result of the award" (OMB 2 CFR 200.307). Program income must be identified, appropriately documented, and the resulting revenue and expenses properly recorded and accounted for in AU's financial system of record. Additionally, non-federal sponsored awards generally require similar diligence to identify, document, and account for program income.

Examples of program income include the following:

- fees earned from services performed under the project, such as laboratory tests;
- income generated from sales of commodities and research materials, such as tissue cultures, cell lines, and research animals;
- registration fees from participants attending conference or workshop;
- income from sales of educational materials;
- sale, rental, or usage fees, such as fees charged for the use of computing or laboratory equipment; and
- income generated from the sale of software, digital media, or publications.

### ***Cost Sharing and Matching***

Proposed cost share obligations must have the concurrence and the approval of the teaching unit head and School/College Dean.

Some sponsored projects require the University to participate in funding the costs of a project. The University's participation in funding the costs of a project is referred to as "cost sharing." Cost sharing expressed as a ratio is sometimes referred to as cost matching. For Federal grants, the terms cost sharing and matching are used interchangeably and are subject to the same federal regulations located at 2 CFR 200.306. In accordance with 2 CFR 200.203, announcements must state whether there is a required cost sharing, matching or cost participation without which an application would be ineligible (if cost sharing is not required, the announcement must explicitly state this as well). Unless waived by the terms of the program, federal cost Principals require that cost sharing contributions meet all the following criteria:

- are verifiable from the recipient's records;
- are not included as contributions for any other Federal award;
- are necessary and reasonable for accomplishment of project or program objectives;
- are allowable under Subpart E – Cost Principals of the Uniform Requirements;
- are not paid by the Federal government under another award;
- are provided for in the approved budget when required by the Federal awarding agency.

The cost sharing requirement can be expressed as: (1) a percentage of the PI's level of effort or; (2) a percentage of total sponsor-funded costs; or (3) as an absolute dollar amount. Usually, the University meets its cost sharing requirement by contributing direct labor and associated fringe

benefits, plus IDC. For projects awarded at less than the negotiated IDC rate, the University may include the difference between the negotiated and the awarded IDC rate as cost sharing with the prior approval of the Federal awarding agency. The source for volunteer IDC cost share lies with the unit.

On proposal budgets, the promised contribution of level of effort must be consistent with the cost sharing amount. The budget period for most sponsored projects is twelve months. Unless otherwise indicated, the assumption is that the contributed percentage of level of effort applies to the twelve-month budget period. If the contributed effort applies to the academic period only, the budget line item should be clearly stated as "academic period." Expenditures eligible for matching must be incurred during the same period of time and under the same requirements for allowability as the expenditures on the sponsor-provided funds.

Proposals should include cost sharing only to the extent it is required by the program. Some investigators believe they will improve the competitive advantage of their proposal if they promise generous amounts of cost sharing. The investigator must consider that, if an award is made based on a proposal that includes excess cost sharing, the proposed cost sharing (more than the required amount) becomes a legal obligation to the institution. After the award, failure to deliver the promised cost sharing may cause a sponsor to demand a refund for the unmet cost sharing and may constitute a violation of the terms of the award so serious as to provide grounds for debarment or suspension from future funding opportunities.

The cost of University equipment purchased before the start date of the project, yet made available for use on the project, may not be included as cost sharing. It is appropriate to describe University equipment available for use on the project in the Facilities section of the proposal. The value of loaned equipment must not exceed its fair rental value.

Since cost sharing is examined and audited by the sponsor organizations, the budget proposal must specify the exact amount of contributions anticipated. The source of funding for the proposed cost sharing should also be identified before the proposal is routed. Contact the unit's OSP staff member for assistance on questions of how to show the cost share on the proposal budget. For questions regarding documenting or tracking cost share, please contact a GCA staff member or refer to [AU's Cost Sharing policy](#).

## Types of Cost Share

### **Mandatory Cost Sharing**

When cost sharing is "mandatory," the requirement is described in the application guidelines. If the sponsor is silent about cost sharing or states that cost sharing is "encouraged," cost sharing is not considered mandatory. For mandatory cost sharing the sponsor may require a certain percentage/type of cost sharing or that applicants "match" the sponsor's contribution according to a certain formula. Any quantifiable cost sharing described in the proposal then becomes a condition of the resulting award and must be documented and reported to the sponsor.

### **Voluntary Committed Cost Sharing**

Sponsors view any cost sharing contributions offered during the proposal stage, but not required for award eligibility as "voluntarily committed" cost share, and thereby requires the cost share to be fulfilled during the period of performance for the award. This means that any quantified cost

sharing offered in a proposal that is submitted to a sponsor becomes fiscally and/or programmatically auditable and must be documented and reported to the sponsor if the proposal is funded.

### **Voluntary Uncommitted Cost Sharing**

Voluntary Uncommitted Cost Share is any effort or resource contributed to a sponsored project beyond that which is committed **and budgeted** for in the sponsored agreement. Such voluntary uncommitted cost sharing is not included in either the proposal budget or the narrative and is not reported to the sponsor.

### **Cost Sharing Contribution Types**

Cost share is often referred to as either a “cash contribution” or a transaction “in-kind”.

#### **Cash Contributions**

Cost share is considered a cash contribution when an actual cash transaction occurs and is documented in AU’s accounting system. For example, compensated faculty and staff time for project-related tasks for which the sponsor does not pay is considered a cash contribution. Other examples of cash contributions include the purchasing of equipment by the institution or another eligible sponsor for the benefit of the project requiring cost sharing; the latter of which would be considered a Third-Party cash contribution.

#### **In-kind Contribution**

In-kind contributions are those wherein a value of the contribution can be readily determined, verified and justified but where no actual cash is transacted in securing the good or service comprising the contribution. In-kind contributions must be documented with official correspondence from the organization providing the in-kind cost sharing to include appropriate substantive documentation.

### ***Budget Justification***

The budget justification is a categorical description of the proposed costs. Generally, it explains staffing and supply/service consumption patterns, the methods used to estimate/calculate costs (including escalation or inflation factors) and other details such as lists of items that make up the total costs for a category. The budget justification should address each of the major cost categories (salaries, course releases, fringe benefits, equipment, travel, supplies, other direct costs and indirect costs), as well as any additional categories required by the sponsor.

A thorough written justification that explains both the necessity for, and the basis of, the proposed costs must accompany the budget. The justification section is critical as it enables the principal investigator to emphasize the importance of essential project costs. A budget that is adequately and appropriately justified is the best way to assure a positive cost analysis and quicker turn around by the sponsor.

### ***Curriculum Vitae (CV)***

A CV should be divided into clearly labeled sections that allows readers to easily skim through and learn about PI/PD’s relevant qualifications. The exact sections included will depend on the PI/PD’s background and the positions he/she is applying for. In some disciplines, there may be an established order to the sections after “Education.” If so, use that. If not, highlight the greatest strengths for the position.

## ***Appendices***

Appendices in the proposal should be clearly labeled and provide supportive information that relates directly to the proposed project. In general appendices will include any supportive data, curriculum vitas for key personnel, and relevant certifications. Consult the sponsor's proposal guidelines when putting together the proposal appendices. Many sponsors have limits on the number of appendices that may be attached or the overall number of pages the total proposal may include. Total page count may or may not include appendices.

## **Other Proposal Considerations**

### **Material Transfer Agreement**

A material transfer agreement (MTA) is a legal agreement entered by a provider and a recipient of research material. Research material can include biological materials, plant and plant tissues, hazardous, toxic or radioactive compounds. MTAs are reviewed, negotiated, and signed by the Office of Graduate Studies and Research before the transfer of research material has occurred.

### **Confidentiality Agreement (Non-Disclosure Agreement)**

A confidentiality agreement/non-disclosure agreement (NDA) is a legal agreement between at least two parties that outlines the handling of confidential material that the parties wish to share with one another but wish to restrict access to by a third party.

An NDA may be required by a company/collaborator when the company/collaborator wishes to disclose its proprietary information to an AU investigator. The company/collaborator may wish the University to sign, as well as the investigator.

Confidentiality agreements are reviewed, negotiated, and signed by OSP. Confidentiality agreements must indicate that Confidential information be reduced to writing and marked as "Confidential." The agreement must specify a time limit, usually three years.

### **Collaboration Agreement (Teaming Agreement)**

Collaboration agreements involving investigators employed by more than one organization may develop informally at the beginning stage in preparing a proposal, or they may be formally required by a funding agency as part of a proposal. Collaboration agreements are reviewed and negotiated by OSP. If the collaboration is between an AU investigator and a non-AU investigator, a LOI is strongly suggested. The LOI covering a collaborative effort should include a statement agreeing to collaborate, the identification of the scientists responsible for the respective activities, and a sentence or two describing what each collaborator will contribute. This letter must be signed by an AU authorized signatory.

### ***Regulatory Compliance***

Regulatory compliance is overseen by the Office of Graduate Studies and Research (OGSR) and the Office of Risk Management.

### **Export Control**

Federal regulations and sanctions promulgated and enforced by various federal agencies including the Department of Commerce - Export Administration Regulations (EAR), the Department of State - International Traffic in Arms Regulations (ITAR) and the Department of

Treasury - Office of Foreign Assets Control (OFAC) prohibit the unlicensed export of specific technologies and items and payments to certain entities and individuals for reasons of national security or protection of trade.

While most research conducted on U.S. college and university campuses is excluded from these regulations under the Fundamental Research Exclusion, if university research involves specified technologies, the EAR and/or ITAR may require the University to obtain prior approval in the form of a license from the appropriate agency before allowing foreign nationals to participate in the research, partnering with a foreign company and/or sharing research - verbally or in writing - with persons who are not United States citizens or permanent residents. The consequences of violating these regulations can be quite severe, ranging from loss of research contracts to monetary and criminal penalties for the individual and/or organization violating these regulations. Please note that export control regulations may also apply to projects that are non-research in nature. For guidance on export controls contact the [Office of Graduate Studies and Research](#).

### **Hazardous Materials**

Hazardous materials are any chemical or biological agent that may cause a physical or health hazard to persons exposed to them. Use and disposal of hazardous materials are governed by many Federal, State and local agencies. Hazardous chemicals are defined as any chemicals that exhibit a physical or health hazard. Examples of such chemicals are flammable liquids and solids, corrosives, oxidizers, and any chemicals that are considered toxic such as heavy metals. The term "biohazards" generally refers to carcinogens, mutagens, teratogens, all microbiological agents and radiological hazards. Examples of materials that fall into the biohazard classification are viral, bacterial, and fungal agents, and chemical toxins. The [Environmental Health and Safety web site](#) provides detailed information regarding these issues.

The Institutional Biosafety Committee (IBC) reviews and approves the use of all Risk Group 2 or higher biohazardous agents, all experiments involving human gene therapy, formation of transgenic animals or plants, and the generation and/or use of rDNA (as defined by the NIH Guidelines) to ensure compliance with applicable regulations and institutional policies. For more information, contact the [Office of Research Integrity](#).

### **Animal Subjects**

The [Institutional Animal Care and Use Committee \(IACUC\)](#) oversees campus-wide animal care and use (research, testing, or educational) to ensure adherence to humane and ethical Principals, as outlined in the Animal Welfare Act, Institute for Laboratory Animal Research's "Guide for Care and Use of Laboratory Animals," and all other applicable public laws and local policies. Investigators who plan to use animal subjects as part of their research should become familiar with these laws and policies, copies of which are available from the Office of Graduate Studies and Research. Federal laws and regulations define and prescribe rules for obtaining, maintaining, transporting, and using animals for research purposes. Failure to comply with these rules and regulations can result in significant monetary fines and penalties, including the loss of federal funding for the University.

Approval by the IACUC must be obtained before an animal research project can be conducted at the University. Most granting agencies do not require IACUC approval for submission of proposals, however approval is generally required prior to their funding of a project.

## Human Subjects

The University is required to safeguard the rights and welfare of human subjects involved in sponsored projects. Any project originating at AU which utilizes human subjects should be submitted for review to the University's [Institutional Review Board](#) (IRB) prior to initiation of the project. Forms and instructions for securing approval for sponsored projects involving human subjects may be obtained from the Office of Human Subjects Research web site. Please contact the [Office of Research Integrity](#) for guidance on IRB matters. Approval by the IRB must be obtained before a sponsored project including human subjects can be conducted at the University. Most granting agencies do not require IRB approval for submission of proposals, however approval is generally required prior to their funding of a project.

## Conflicts of Interest

The University supports and encourages relationships which may advance academic research. However, potential, perceived, and actual conflicts of interest must be managed to avoid bias or the appearance of bias in an Investigator's activities and responsibilities, to protect the integrity of the research. Currently, both the National Science Foundation (NSF) and the Public Health Service (PHS) require Investigator(s) to disclose significant financial interests. Guidance regarding the disclosure process for both NSF and PHS can be found on the Research Compliance web site under the Conflict of Interest link. American University has contracted with the Collaborative Institutional Training Initiative (CITI) at the University of Miami to provide PHS-COI training. CITI is a web-based training program with content developed by a national consortium. The CITI COI program will ensure appropriate training and documentation related to COI requirements. CITI can be accessed at the following link: [www.citiprogram.org](http://www.citiprogram.org).

## Proposal Routing and Submission

The Office of Sponsored Programs utilizes web-based product, Cayuse. This system is commonly shared among AU departments, colleges, OSP, ORI, and GCA, enabling all offices to access the same information at any time. The system provides faculty and administrators proposal history, award management, budget questions, and file updates. PIs/PDs have access to the information needed without the hassle of having to rely on your research administration personnel.

There are two key modules of importance within Cayuse: SP and 424.

- Cayuse SP is the proposal and award administration module used to compile internal information for proposals, electronically route documents for approval, monitor proposal status, and release/manage the resulting awards. It is also the module used for viewing proposal and award history and addressing award related concerns.
- Cayuse 424 is the module through which most federal grant proposals can be created, reviewed for adherence to sponsor requirements, and then electronically submitted by OSP. The 424 module is connected directly with Grants.gov, so applications travel quickly and smoothly to the PI's/PD's specific Federal agency.

In accordance with the [Proposal Submission Policy](#), all proposals must be received by the OSP via Cayuse SP five business days before the sponsor's deadline. Please be sure to check with the unit research administrator for any college/unit level policy as it relates to proposal routing deadlines.



There are some instances where the submission of a proposal includes acceptance of award terms and conditions. By submitting a bid in response to a federal RFP, the University accepts the terms and conditions of a potential award. In this case, it is imperative to provide the terms and conditions to OSP as early as possible to allow time for review before proposal submission.

Please note proposals must be approved by the university's authorized signatory before submission to a sponsor. Any proposal submitted to a sponsor without university approval does not comply with existing university policy.

## **Pre-Award Negotiations**

### ***Processing "Just in Time" Requests***

Just-in-Time is a concept popularized in grant administration by the National Institutes of Health (NIH) and defines a process where the gathering and submission of potentially time-consuming documentation is deferred until after both the submission deadline and peer review but prior to the final review and adjudication by the responsible institute's Advisory Council.

Other sponsors will also occasionally require the submission of Just in Time (JIT) documentation that will include some or all the following:

- Other support documentation (current and pending support)
- IRB approval
- IACUC approval
- Cost documentation including the following:
  - Documentation of salaries and fringe
  - Equipment quotes
  - Elaboration of travel and supply costs
  - Subrecipient cost documentation

The sponsor will contact the PI and/or OSP to request further documentation. Once the JIT request is received, the PI/PD, department research administrator, and OSP will work closely together to assemble a response. OSP communicates with the sponsor on behalf of the University and submits the JIT documentation to the sponsoring agency.

### ***Requirements for Re-Routing***

In some instances, a proposal must be routed again via Cayuse SP for institutional review and approval. This process is known as re-routing. Re-routing is required if any of the following criteria exist:

- Significant change in the proposal or award budget (including cost share), where significant is defined as 20%
- Change in scope of work
- Significant change in level of proposed effort, where significant is defined as 25%

## **Award Acceptance and Negotiations**

The OSP oversees non-financial post award which includes award negotiation and acceptance on behalf of AU. If someone other than an OSP representative receives an award, it must be forwarded to OSP for review and acceptance. OSP will inform the PI/PD within one business day of the receipt of an award.

## Accepting and Signing the Agreement

The University's authorized signatory can accept and sign an award/contract on behalf of the University. PIs/PDs or unit representatives are not authorized to sign any agreement of obligation on behalf of the University. The AU Signatory Authority policy assigns the OSP Director, Vice Provost for Research/Dean of Graduate Studies, Provost and VP of Academic Affairs signature authority to accept sponsored awards and contracts.

OSP will review and negotiate all sponsored awards. OSP will share any concerns there may arise when reviewing an award/contract. It is expected the PIs/PDs familiarize themselves with the terms and conditions of awards and highlight any terms that will prohibit their research. If the terms of an agreement are standard, the OSP will sign the documents, generally within 2-5 days. For more complex agreements/contracts the review and acceptance process can be expected to be longer. OSP will keep the PI/PD informed during the review process. OSP will sign or countersign agreements/contracts and return them directly to the sponsor with the PI/PD copied on the correspondence. A copy of the fully executed agreements/contracts will be forwarded to PI/PD with a copy to the department

Sponsored research funding can be granted in the form of many different types of agreements. The terms and conditions of such agreements may vary and are dependent on the objectives of the funding mechanism. If terms and conditions in the award agreement/contract have to be negotiated, OSP will work directly with the sponsor to address these terms before signing the contract.

## *Types of Award Agreements*

### Grants

A grant is one of several mechanisms for supporting a specific activity, or other project, under the direction of a PI/PD. Typically, sponsors award grants on a competitive basis to recipients responding to a sponsor's PA. A grant award instrument is used when the principal objective is to accomplish a public purpose. The scope of work and expected outcomes is less defined than those in a contract. Grants are associated with "assistance" types of funding and contracts are associated with "procurement." The grant award agreement is generally a short, pro-forma document (often an e-mail) referencing a standard set of regulations, e.g., NSF or American Heart Association. A grant may require University signature or acceptance may be the first withdrawal of funds.

### Cooperative Agreements

A cooperative agreement is similar to a grant in that the principal purpose of the transaction is to accomplish a public purpose. A cooperative agreement is used if substantial involvement is expected between the sponsor and the University when carrying out the activity contemplated in the agreement. The cooperative agreement usually requires signature of a university official.

### Memoranda of Agreement

A memorandum of agreement (MOA) (also referred to as a memorandum of understanding (MOU)) is a written agreement to identify the working relationships and guidelines for those relationships between collaborating or partnering entities. It details common understandings, clarifies types of support to be provided, and defines the rights and responsibilities of each party.

## Contracts

A contract is a mechanism for the procurement of a product or service with specific obligations for both sponsor and recipient. Typically, a topic and the methods for conducting the project are specified in detail by the sponsor, although some sponsors award contracts in response to unsolicited proposals. Contracts may often be issued as fixed prices contracts which can constitute a higher risk to the University, as potential cost overruns will have to be covered by the University.

### **Sponsored Research Agreements**

A sponsored research agreement is a type of contract used when a sponsor is supporting a research project with a defined scope of work and/or deliverables. Sponsored research agreements usually require negotiation between the University and the sponsor and always require the signature of an officially designated University signatory. The OSP conducts the negotiation on behalf of the University, in consultation with the university stakeholder departments.

### **Research Service Agreements**

A research services agreement is a type of contract used by sponsors for services to be provided by the University for which the Sponsor provides a specific protocol to be followed, to which the PI/PD did not contribute creative/intellectual input. A standard research services agreement is available on the Office of Sponsored Programs web site.

### **Technical Assistance Agreement**

A technical assistance agreement is a type of contract used by sponsors for services to be provided by the University that are not necessarily considered a “research” activity (wind tunnel testing, etc.).

### **Intercompany Personnel Agreements (IPAs)**

Under the Intergovernmental Personnel Act of 1970, University faculty and staff may arrange to work with government agencies on a temporary basis, or federal government employees may arrange to work at the University. An IPA is a funding mechanism for transferring salary-related funding from one organization to another to pay for altered work agreements.

To ensure accuracy and completeness, all IPAs must follow the proposal routing procedure. IPA assignments may incur fiscal commitments and liability on the part of the University. Thus, IPAs must be signed by an authorized University official.

When government personnel come to work at the University under an IPA arrangement, such individuals serving in a faculty capacity are subject to the same appointment processes as other individuals being considered for faculty status. In all cases, teaching unit heads and college deans must be consulted to determine the impact of proposed IPA arrangements.

### **Purchase Orders**

Companies use the purchase order as a mechanism for buying goods and services. In many cases, purchase orders contain terms and conditions that the University cannot accept. Usually, the company contact does not have the authority to negotiate these problematic terms, and the negotiation must make its way through company management. It is often more time-efficient to

provide a copy of the AUs standard Research Services Agreement to the company and involve the OSP as soon in the process as possible.

### **Subcontracts or Subgrants (Subawards)**

Subawards are contracts or grants issued under a larger agreement where a portion of the scope of work is delegated to AU. Subawards are typically subject to the terms and conditions of the prime award.

### ***Risk Account***

The University does not have formal authority to incur costs against a grant or contract until a fully-executed award document is in place. However, there are times when the award documents are delayed, but immediate spending for the award is necessary. Charging another sponsored project account for costs associated with a pending award is not allowed, but the PI/PD may request that a risk account be established to begin incurring project-related expenses prior to the receipt of finalized award documents.

Establishing a risk account is a written guarantee that the unit/college requesting the risk account assumes responsibility for all expenses charged to the account if the award to AU is not realized. Therefore, the PI/PD must first make arrangements with the department head in order complete and sign the [American University Risk Account Request/Approval Form](#) before submitting the request to OSP. The request should include any pertinent information and should be in accordance with the [pre-award spending policy](#). Additionally, a risk account request must include a recovery account number (not a restricted sponsored project account number) to be used if the award is not received. The form must also be approved by the department head and the VP for Research and Dean of Graduate Studies.

### ***Negotiating an Award Agreement***

The OSP, on behalf of the University, has primary responsibility for reviewing all sponsored award documents, as well as for reviewing and negotiating sponsored award terms and conditions. OSP will notify the PI/PD and the sponsor of any necessary and/or requested changes. If the award terms and conditions require negotiation, OSP will review and negotiate the terms directly with the sponsor and consult with the PI.

The basic objective of nearly all award negotiations is to ensure that the University and the PI/PD do not relinquish the right to make the ultimate decisions on the way the project/program is to be conducted or how the project/program results are to be disseminated. Guiding Principles are both academic and financial. Specifically, OSP, on behalf of the University and the PI/PD, seeks to guarantee that the sponsor cannot unilaterally amend, suspend, or terminate the project, that there will be no prohibition on the publication of results, and that the ownership or control of intellectual property resulting from the research is not relinquished. Other matters that may require negotiation concern the handling of confidential information, and/or conditions on the disclosure of some or all the research findings.

PIs/PDs should consider the risk of sponsor default when working with a new sponsor. If the PI/PD is aware of any information about the sponsor that is relevant to determining the risk of default of payment, it is the investigator's responsibility to report the information to OSP prior to payment terms being negotiated.

Involve OSP as early as possible so terms can be pre-negotiated. Investigators are encouraged to forward draft agreements, especially those with non-standard terms, to OSP at the earliest possible stage of proposal development.

### ***Terms and Conditions Considerations***

*The right to publish:* The ability to publish and/or present research findings in a timely manner is a key component to the role of the university, the nature of its exemption, and its fundamental purposes. Restricting a university's right to publish call into question the university's continued qualification for the fundamental research exemption

*Confidentiality clauses:* The University's objective is to prevent restriction on the right to publish and to further the University and faculty's ability to perform research.

*Intellectual property rights:* The University's key objective is to assure that the University and its researchers have rights to research projects as well as publication. Where possible, the University will seek that rights are given to the University or the PI.

*Indemnification:* If the University cannot get full indemnification, AU prefers a provision that specifies that each party is responsible for the actions of its own employees, its conduct, and its use of the results.

*Liability and insurance:* Assure that insurance clauses are reasonable and the University can adhere to the requirements.

*Governing law:* The University's prefers the District of Columbia as the governing law.

*Currency exchange:* Reduces the risk associated with fluctuating currency.

*Deliverables:* Define measurable and clearly framed deliverables and avoid deliverables that can be subject to sponsors' subjective determination of a completed deliverable.

*Reporting and auditing:* Define reasonable reporting requirements and audit requirements.

*Termination:* The University's stance is mutual rights to terminate a relationship with a reasonable notice and recovery of costs for non-cancelable items.

*Payment terms:* Assuring payment terms are reasonable and are aligned with the research and work performed. Clear guidance on how the University is paid; cost reimbursable vs. fixed prices, installments vs. invoicing.

The University's IDC rate is federally negotiated, and reduced rates are allowed only as required by law or sponsor policy universally applied to all recipients. Reductions in IDC that do not meet these requirements must be approved in advance at the proposal stage (see [University F&A Policy](#)).

*Property title clause:* The University will try to keep equipment, material and supplies remaining in stock to become property of the University. This is reduced cost associated with returning or destroying the material and equipment.

## Signing Agreements

Contracts or agreements for sponsored projects funded by the government, private foundations or private industry and performed by AU faculty or staff at the University or at facilities leased or owned by the University must undergo review and approval by OSP prior to project initiation. Per the [AU Signatory Policy](#), OSP is the designated office responsible for signing sponsored project agreements on behalf of the University. If the sponsor's signature is present on the agreement and if there are no changes to the agreement, OSP will sign for the University, forwarding one original, fully-executed agreement to the sponsor, with a copy to the department. If changes are required, OSP will work directly with the sponsor to address the changes before signing the agreement.

If the sponsor's signature is not present on the agreement and if there are no changes to the agreement, OSP will sign for the University and return the original documents to the sponsor for signature. In some cases, and dependent upon sponsor requirements, signed agreements may be scanned/e-mailed between the parties to expedite the process. When the sponsor returns the fully-executed agreement to the University, OSP will forward a copy of the fully-executed agreement to the department.

## Liability of Conducting Sponsored Projects without an Agreement

Individual faculty or staff are not authorized to sign on behalf of the University. If a faculty member or staff person conducts a sponsored research project or consulting agreement outside the auspices of the University's review, approval and oversight, as outlined above, that faculty member or research staff person is acting in his/her own private capacity, and not as an employee or agent of the University. Thus, such an individual:

- Is not covered by the liability insurance afforded by the University to faculty or staff who are acting as University employees;
- Will be personally liable for any claims by either the sponsor or subjects of the project;
- May not use the facilities, personnel, equipment or the name of the University for such activities (the Faculty Manual may be located [here](#));
- Is solely and personally liable for necessary accounting reports and for addressing any audit materials requested or required by the sponsor;
- Is not entitled to legal or administrative support from the University should a dispute or problem arise as a result of the project;
- Must reimburse the University for any property, facilities, or services being utilized for such activities.

# POST AWARD ADMINISTRATION

At AU, post award functions are divided into non-financial post award overseen by OSP and financial post award overseen by GCA. The unit research administrators support the PI/PD in both non-financial and financial post award functions.

## V. POST AWARD ROLES AND RESPONSIBILITIES

### Post-Award Functions of the Principal Investigator

It is ultimately the responsibility of the PI/PD to ensure that all expenditures, whether they are related to personnel, equipment, supplies or other cost categories, are charged to their individual sponsored agreements in an appropriate and timely manner. Although the PI/PD may delegate responsibility for day-to-day financial management of a grant or contract to others within the department or unit, the Investigator must exercise appropriate oversight of the overall finances of the project.

### Post-Award Functions of the Unit Research Administrators

The department receiving the sponsored research award is responsible for the daily management and administration of the related funds. This requires closely monitoring of expenditures to assure that the terms and conditions of the award are followed and that funds are being expended in accordance with UG requirements for allowable, allocable and reasonable costs, and in accordance with University policies.

### Post-Award Functions of the Office of Sponsored Programs

OSP post award is responsible for serving as liaisons with academic departments, GCA, and sponsors on contractual matters. This includes monitoring sponsored projects for compliance with award terms and conditions, university policies, and federal regulations and standards. OSP performs other duties such as the administration of no-cost extensions, subaward processing, and award close-out.

### Post-Award Functions of Grants and Contracts Accounting

GCA works collaboratively with PIs, research administrators, OSP, other University units, and sponsors and is responsible for all centrally administered financial functions including, but not limited to, requesting funds via letters of credit or invoices, financial reporting, training, financial compliance and audits of sponsored research awards.

## VI. AWARD ESTABLISHMENT

The administrative process for establishing awards begins in OSP. The award document, or agreement, is matched to the appropriate proposal. If the award document does not require University signature (e.g., most federal grants), OSP will establish the award in Cayuse SP.

### Setting up the Project Account

After the project has been created in Cayuse SP, OSP will notify the PI/PD of the status of the award and request that GCA establish a project account in the financial system, currently Ellucian Colleague®.

### ***Start-up Meeting***

The main objective of a start-up meeting is to discuss AU processing, policies and procedures related to sponsored awards, who to contact for specific questions or concerns, and what services each unit will provide. This meeting is also time set aside for all parties involved to discuss award-related questions, communicate special award terms and communicate expectations for award management.

A start-up meeting is not required for every award received by the University. However, if any of the following criteria exist or upon request from the PI, unit research administrator, OSP or GCA, the meeting is or will become mandatory prior to the releasing of the project account number:

- The PI/PD on the award is new to sponsored research at AU
- The PI, OSP, GCA, Research Compliance, Vice Provost for Research or Dean of the academic unit has requested the meeting
- When the sponsored award contains any of the following conditions:
  - Cost Share Commitments/Requirements
  - Effort reporting frequency differs from institutional policy
  - Special space requirements, i.e., when the project calls for leased space, off-campus space, private/project office space, etc.
  - Special Risk and Compliance Matters, i.e., involving human subjects, animals, biological material, export control considerations, foreign travel to known countries of risk, etc.
  - Special Publication Conditions, i.e., prior review, special acknowledgement, use of name/logo, etc.
  - Intellectual Property, i.e., where terms, though consistent with University policy, are unique or atypical.
  - Atypical project reporting requirements, i.e., technical, financial, supporting documentation, etc.
  - Foreign currency involved
  - Unusual Budget Restrictions, including special re-budget prior approval requirements.
  - Use of Subrecipients/Consultants when proposed payment or deliverable schedule will potentially impact AU's performance and/or payment obligation to Subcontractor/Consultant.
  - Other special terms and conditions governing PI's responsibility, project administration, and/or institutional compliance

### ***PI Acknowledgement Form***

The purpose of the PI acknowledgement form is for the PI/PD to acknowledge that he/she understands the responsibilities associated with acceptance and management of the award on behalf of the University. A signed PI acknowledgement form is required for release of the project account number.

### ***GCA Processing***

Once the project account has been created in Colleague®, GCA will send an e-mail notification to the PI, unit research administrator, and OSP with the account number



## VII. AWARD MANAGEMENT

### Incurring Expenses

The total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits. OMB requires that “costs charged to a sponsored research agreement are allowable, allocable, and reasonable...” Each financial transaction charged against a sponsored research award is evaluated against these three concepts.

#### ***Allowable Costs***

To be allowable under an award, costs must meet the following general criteria:

- Be necessary for the performance of the award;
- Conform to any limitations or exclusions set forth in regulations or award documents;
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities at AU;
- Be consistently charged as direct or indirect;
- Be determined in accordance with Generally Accepted Accounting Principles (GAAP);
- Not be used as cost share or matching for another federal award; and
- Be adequately documented.

#### ***Reasonable Costs***

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies.

#### ***Allocable Costs***

A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

- Is incurred specifically for the award;
- Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received or
- Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

#### **Direct Costs vs Indirect Costs**

[As outlined above](#), direct costs are allowable costs that can be identified specifically with a particular sponsored project(s) with a high degree of accuracy. Unlike direct costs, indirect costs are incurred for common or joint objectives needed to operate research as a whole and therefore cannot be identified readily and specifically with one sponsored project. As a result, indirect costs are often allocated by the use of an indirect cost rate. These rates are used to equitably distribute indirect costs to cost objectives based on the proportion of benefit being received.

## Pre-award costs

Pre-award costs are those costs a PI/PD may incur before the effective date of the project. Most sponsors require their approval before charging pre-award costs to the project. A provision for pre-award costs in the terms of the award/contract is the most acceptable documentation of sponsor approval. A letter from the contracting officer or grant officer approving pre-award costs is also acceptable.

Many Federal grants are awarded under the terms of expanded authorities. Expanded authorities allow the University to incur project costs up to 90 days before the effective date of the project. The costs to be incurred must be necessary for the conduct of the project and must be allowable under the potential award. Contact OSP if you are unsure whether your project will be awarded under expanded authorities. If pre-award costs are anticipated, please be sure to notify the appropriate grant and contract manager in OSP.

## Cost Transfers

A cost transfer is defined as an after the fact re-allocation of costs, either labor or non-labor, to or from a sponsored project. Because cost transfers are an area of concern to both sponsors and auditors, it is critical that all department staff and PIs/PDs understand and follow cost transfer guidelines in a consistent manner.

All accounting transactions must be accompanied by invoices, receipts, and memos as necessary. Cost transfers are a type of accounting transaction. Cost transfers differ from regular journal entries in that they must involve an expense to or from a sponsored award. If the re-allocation of costs does not involve a sponsored award, a cost transfer does not exist and therefore the AU journal entry process should be followed.

The primary responsibility for recording charges to the correct sponsored agreement is when the cost is initially incurred and recorded. However, if a re-allocation of costs to or from a sponsored award is needed, a cost transfer request form must be completed and submitted to GCA for processing. GCA is responsible for reviewing and approving all allowable cost transfers. To be considered allowable, all cost transfers must be timely (occurring within 90 days of posting to the general ledger), documented and explained in detail, adhere to sponsor standards, and have all appropriate authorizing signatures. A copy of the AU Cost Transfer Policy can be located [here](#).

## Cost Share

If cost share or match is included in a proposal that is funded by a sponsor, the University becomes obligated to the commitment in the proposal and is required to document the cost share. It is the responsibility of the PI/PD to ensure the cost sharing commitment is fulfilled within the performance period of the award [as outlined in above](#). The PI/PD should work with unit research administrators to submit a Cost Share Posting Request to GCA for posting to the financial system. This will allow cost share expenses to be separately recorded in AU's financial system and available for reporting as required by federal regulations and AU Policy.

## Payment Terms and Invoicing

### Payment Terms

Regardless of the type of award agreement received from the sponsoring agency, all billing arrangements on a sponsored project are either a cost reimbursable or fixed priced.

#### **Cost Reimbursable**

On a cost-reimbursable award, the sponsor agrees to pay for all allowable costs incurred by the University in the process of doing the work or research up to an agreed upon maximum. If the project costs less to complete than the original amount budgeted, the sponsor is obligated to reimburse the University only up to the allowable costs of the project.

#### **Fixed-Price**

A fixed-price award commits the PI/PD(s) to a defined scope of work for a set sum; that is, the sponsor pays the University a fixed sum to complete a specific job, regardless of actual cost. The PI/PD is obligated to perform the work specified in the award and to complete that work in accordance with the negotiated time schedule. The sponsor is obligated to pay the specified price, regardless of the actual costs of completing the project.

Accurate cost pricing is critical in preparing the proposal budget for a fixed-price award. If the project costs more to complete than the award price, the PI/PD must make special arrangements with the Department Head and Dean to cover the cost overrun. If the project is performed at a cost below the awarded amount, the residual balance must be treated in accordance with the terms and conditions of the award and/or the sponsor's written policies relating to disposition of residual balances. If the award and sponsor are either silent on this issue and/or allow for residual balances to be retained by the University, and provided no other concerns exists, GCA will work with unit research administrators to transfer the funds to a department account.

As a non-profit institution, the University's mission is not to seek profit from its research activities; therefore, significant unexpended balances (residual balances) on fixed price sponsored awards may call into question the validity of the proposed budget and potentially affect the University's tax-exempt status. Residual balances may indicate weak internal controls related to budget development and may call into question the integrity of accounting for project expenses incurred. PIs/PDs must ensure that work on sponsored program fixed price awards meets the requirements of the sponsor and avoid the appearance of maximizing unexpended balances on fixed price agreements. GCA and OSP approves the transferring of residual balances to department accounts to ensure no risk to the University's reputation or tax-exempt status exists.

### ***Submitting Invoices***

Each sponsored award stipulates the invoicing requirements for the University. GCA monitors the invoicing requirements of each grant monthly. Based on this monitoring and the invoicing terms in the award agreement, requests for reimbursement of expenses incurred and posted to the financial system are performed. All reimbursement requests must reflect expenses posted to the financial system as of the invoicing period and include the appropriate allocation of indirect costs. GCA will not invoice for expenses which have not posted to the financial system as of the invoicing date.

### ***Payment Disputes and Non-Payment***

Procedures have been put in place to maximize collection efforts and avoid unpaid receivables for sponsored awards. However, when payments are not received within 30 days of invoicing the sponsor, the sponsors are contacted by GCA to ascertain the status of the payment. Historically, GCA has identified the following reasons for lack of payment:

- Sponsor rejects reallocated expenses transferred more than 90 days after cost were incurred;
- Unallowable expenses per the sponsor's terms and conditions;
- Overspending in budget categories when not allowed by the sponsor;
- Sponsor rejects work or deliverables from the PI;
- Late invoicing; and
- Not sending the invoices to the correct contact at the sponsoring agency.

Every effort will be taken to resolve an unpaid receivables balance in an expedient manner by working with the sponsoring agency. If resolution cannot be obtained, GCA will work with OSP, the PI, unit research administrators, and/or AU's General Counsel's Office to resolve the matter in the best interest of the University.

## **Reporting**

### ***Technical Reporting***

Technical reporting, as established by the sponsor and/or award, is the responsibility of the PI/PD. Both the frequency and format are found in the award terms and conditions. In addition to submitting technical reports to the sponsor, copies of all technical reports must be forwarded to OSP for audit and record retention purposes. Reminder notices will be sent to the PI/PD prior to the due date of a report.

### ***Financial Reporting***

Financial Reporting submission requirements are based on the instructions stipulated by the sponsoring agency via the award document. GCA is responsible for the preparation and submission of financial reports to sponsoring agencies. Although the reporting periods may vary based on award requirements and reporting methods can vary between paper and electronic formats, all reports must be created with sufficiently documented information as supported by American University's financial system of record. All financial reports must reflect expenses posted to the financial system of record for the required reporting period.

Federal Financial Reporting (FFR) submission requirements are based on instruction by the OMB and Federal agencies via the award document and shall be submitted to a single location, except when an automated payment management reporting system is utilized. In this case, a second submission location may be required by the agency. Financial reporting for all federal awards must be performed on Standard Form 425 (SF-425) unless otherwise stated by the awarding agency.

### ***Effort Reporting***

Effort reporting is a process used to verify that direct labor charges to, or cost shared on, sponsored projects are accurate, allowable and properly allocated to the project based on the level of work performed. AU complies with Federal effort reporting requirements by utilizing an

effort reporting system of internal controls to documents salaries charged to federally sponsored projects and accurately reflect work performed in accordance with the requirements of the Office of Management and Budget's (OMB Uniform Guidance – 2 CFR 200.430) and University policy. This system is implemented through time and effort reports for any individual whose time (full or partial) is committed to a federally-funded project and who is not already required to complete a monthly leave report or bi-weekly timesheet for all activities compensated by the University regardless of whether such time is compensated by the sponsoring agency or is an unpaid contribution (i.e. cost-share).

*Effort* is the proportion of time spent on any activity for which an individual employed by American University (the University or AU) expressed as a percentage of the individuals paid Institutional Based Salary (IBS).

*IBS* is the annual compensation paid by American University for an individual's 9 or 12 month appointment and includes all salary based compensation paid by AU regardless of funding source, i.e. State funds, Grants or Contracts, Gifts and Endowments, and/or other University funds, for the purposes of performing instruction, research, service and/or administration. IBS does not include any income that an individual is permitted to earn outside of the University. Under Uniform Guidance, IBS is the fundamental measure of the effort expended by faculty in institutions of higher education for work performed on a federal award.

### Reporting Effort

Effort at AU is certified based on an after-the-fact reporting system. Effort reports are prepared for three time periods: Fall semester, Spring semester and Summer term. Effort reports are generated by GCA in accordance with the Effort Reporting Standard Operating Procedure (SOP) by using system generated labor distribution reports for sponsored awards. These reports are then formatted and combined for distribution to the responsible department research administrators and PI for review, correction, and completion. OMB Uniform Guidance indicates that teaching, research and service are often times inextricably intermingled, which means a precise estimate may not always be feasible. The University expects reasonable estimates to be made when comparing salary charges to actual effort. At AU, variances of up to 5% of total salary for each award listed are allowable and do not require an adjustment or recertification. However, variances over 5% for each award should be corrected via cost transfer in accordance with AU's Cost Transfer Policy, prior to final approval of the certification.

When reported effort reasonably agrees with the salary charged and the effort allocation equals 100%, the effort form is certified by the PI (or faculty member whose salary is charged) and forwarded to the Department Chair or Deans Office Representative with sufficient knowledge of the individual's work performance for certification. The effort percentages on the Effort Certification Form must total 100%. All compensated effort must be accounted for; and since all percentages are a fraction of 100, the sum of all effort expended cannot exceed 100%. Even if an individual works more than a normal 35- or 40-hour week this requirement is not altered. There is no set number of hours that constitute total effort; rather total effort equals 100% of the University effort (expressed by payments made).

All certified effort reports are returned to GCA for final review and retention based on AU's record retention policy.

If effort certification is not completed or the documentation is deemed inadequate, all labor costs (salaries and fringe) along with their associated indirect costs (overhead) may be disallowed by the sponsoring agency and penalties may be imposed by the federal government. In addition, individuals may be subject to criminal penalties for knowingly falsifying the certification of effort on a report. Finally, audit findings can and often do make headlines, thus harming the reputation of the University and impacting the ability to receive future funding from both Federal and Private sponsors.

### **Subrecipient Monitoring**

As outlined in the [Subrecipient Monitoring Policy](#), and consistent with federal, state, and local regulations, and to ensure proper stewardship of sponsored projects, the University must undertake certain activities to monitor Subrecipients, including but not limited to Subrecipient pre-qualification, reporting, site visits, regular contact, and other means to provide reasonable assurance that Subrecipients administer and perform Subawards in compliance with applicable law, regulations, and the provisions of the University's sponsored projects.

Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the University and its units and jeopardize current and future funding. It is the responsibility of American University, as the prime recipient, to ensure the good stewardship of sponsored funding and ensure that all funds assigned to subrecipient organizations receive the same diligence as sponsored funds that remain at American University.

It is the PIs/PDs responsibility to notify OSP of the need for a subaward agreement. OSP will work with the subrecipient to obtain the documentation needed to complete the mandatory risk assessment, draft a subrecipient agreement, and obtain the necessary signatures.

### **Contractual Award Changes**

#### ***Changes in Scope or Objectives***

During the course of a sponsored project, it may be necessary to clarify or augment the scope of work for the project. If such clarifications do not involve a corresponding change to the budget for the project, this change can often be made via a simple amendment to the contract.

The following documents are required for submitting a change in SOW request (please note the required documents are subject to sponsor requirements and/or procedure changes):

- A proposed amendment provided by sponsor (as an editable Word document) or request for OSP to draft an amendment;
- A revised scope of work (approved by PI/PD and sponsor) along with clear instructions if this new scope of work is meant to replace or augment the scope of work contained in the original agreement; and
- Identification of any key personnel changes associated with this scope of work change.

OSP will review the submission packet and will negotiate any necessary changes to the amendment. Once the amendment is finalized, OSP will circulate the finalized amendment to the PI, department, college, and GCA.

### ***Re-Budgeting***

Re-budgeting is necessary if the utilization of funds is planned in a way that differs from the original or most recent budget approved by the sponsor. Approval of re-budgeting of funds on a sponsored project is the prerogative of the sponsor.

In some instances, specified re-budgeting authorizations have been granted to the institution or to the investigators by the sponsor. Since policies differ from sponsor to sponsor, it is important that the PI/PD obtain a copy of the re-budgeting policy of the awarding sponsor. It can be obtained either from the agency or your OSP post-award contact.

When requesting a re-budget, the following needs to clearly be specified:

- Which category to add funds to;
- Why the transfer of funds is needed;
- Why funds can be taken from that particular category; and
- How the needed re-budget is related to the project.

### ***Carryover Requests***

Carryover of unexpended funds from one budget period to the next may or may not require prior approval from the sponsor. Check the Notice of Award for this information. If the sponsor requires prior approval, a formal letter may be necessary, including a detailed budget of the remaining balance with a justification of how the remaining fund be spent in the next budget period.

### ***Change in Key Personnel***

As grant recipient, American University has the responsibility to notify sponsors of significant changes from the proposed PI/PD or key personnel effort devoted to a project. Although the actual requirement may vary depending on the sponsor, normally a change of 25% or more from the committed effort of the PI/PD or other key personnel on the proposal requires notification of the sponsor. The PI/PD has the responsibility for initiating such notification and all notifications should be routed to OSP for review, approval, and transmission to the sponsor.

Notification of changes in status should be done in advance whenever possible but in no case later than 30 days after a PI/PD change in status. Notifications and requests for approval to the sponsor should be routed through OSP. Sponsor notification and approval is required in the following instances:

- Changes in Committed Effort for the PI/PD or Key Personnel:
  - Significant change in the level of effort of the PI/PD or key personnel (generally defined as a reduction of 25% or more from the level anticipated in the approved application).
  - Change in the work scope of the project.
- Changes in PI/PD Status:
  - When a PI/PD plans to take a sabbatical, a leave of absence, or terminates his or her employment at American University, the sponsor of any active sponsored award should be notified of the change of status.

- Short-term absence of PI: An absence of less than three months may require agency notification with arrangements for conduct of the project during the PI's temporary absence.
- Long-term absence of PI: Generally, an absence of three months or more will require agency notification and approval.
- Withdrawal of PI/PD (Transfer to Another Institution): In cases where a faculty member is transferring to another institution, it is the decision of the unit head as to whether AU will name a new PI/PD and seek sponsor approval to retain the award or relinquish the award [to the institution employing the transferring PI](#). If the PI/PD is the unit head, the decision will be the unit head's supervisor.

### ***No-Cost Extension***

When conducting a project for a sponsor it may become necessary to request additional time to complete the project. If this situation occurs, please contact your OSP post-award contact to begin the process of requesting the extension. With a no-cost extension, additional time is granted but no additional money. The PI/PD will need to provide a rationale for the request and the length of time necessary to complete the project. OSP will then formally request a time extension for the project. Until formal approval is received from the sponsor, the project end-date will not be revised.

### ***Supplemental Funding Requests***

A supplemental funding request is a process by which funds are added to an existing award. If a PI/PD needs to address unforeseen cost increases within the scope of the approved project aims, the PI/PD must consult with his/her unit research administrator and OSP Grant and Contract Manager to submit a supplemental funding request. The request must contain a revised budget and budget justification. In some instances, the rationale for the supplemental funds request may also be required. This request must be reviewed and approved by the department, college/unit, and submitted to OSP for processing. Once received, requests are submitted to sponsors by OSP on behalf of the University, usually in the form of a short proposal outlining the work to be done and the need for additional funds. The sponsor will, in turn, determine any deadlines or eligibility criteria and will contact OSP upon approval/rejection of the request.

## **Award Closeout**

### ***Overrun (Deficit) Balances***

It is the dual responsibility of the PI/PD and unit research administrators to monitor and approve all expenditures related to the sponsored project. If it appears that costs will exceed the budget, contact OSP and GCA at once. Any unallowable expenditures or deficit fund balances become the responsibility of the administering department to pay from another departmental fund and not from a sponsor award. If a cost overrun exists for more than 90 days, the cost overrun will be charged to the PIs/PDs department/school/college.

### ***Trailing Costs and Final Invoices***

Trailing charges are those that typically are not expensed to a project account until after the award has expired, but which were incurred during the period of performance for the award. PIs/PDs and unit research administrators should consider these costs when reconciling project expenses for award closeout.



Awards that require cost reimbursable invoicing require a final invoice, typically due 60-90 days after the award period ends. This invoice covers any previously unbilled charges incurred during the award period that post to the project after it has expired. Examples of these charges are purchasing card charges, travel reimbursement or subcontract payments. All charges must be posted to the financial system to be included on the final invoice. As the final financial report will normally be issued shortly after the final invoice is submitted, any charges not included on the final invoice will not be reimbursed by the sponsor and will not appear in the final financial report. All unrecovered trailing costs will be charged to the PIs/PDs department/school/college. GCA will request confirmation of final expenditures 30 days prior to the final invoice of an award. It is the PI's/PD's responsibility to work with unit research administrators and ensure that all project costs are posted to the financial system. If issues or questions arise, please contact GCA at [gca@american.edu](mailto:gca@american.edu) for assistance.

### ***Equipment Disposition***

The University is obligated to track and account for all equipment acquired with federal funds. When original or replacement equipment acquired with federal funds is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, AU must request disposition instructions from the Federal awarding agency. **The PI/PD must contact the unit research administrator, GCA and OSP if there is to be any change in the status of equipment purchased with federal funds.**

### ***Sponsor Refunds***

The expiration of an award may coincide with the submission of a final invoice and/or final financial report from AU to the sponsor. GCA is responsible for submitting any financial reports required to close out the award. In the final invoice, AU will request reimbursement for any residual funds due to the University or will submit a refund to the sponsor for any excess funds not already expended, depending upon the cost structure defined in the award agreement. When GCA determines that no funds are owed to the University for expenses incurred under an award, a Contractor's Release may be issued by the OSP as an acknowledgment by AU that it has no further claims against the sponsor.

### ***Termination Before Award Expiration***

In certain instances, a project may be terminated prior to the original expiration date. Sponsored award terms and conditions typically include early termination notification requirements that allow for either University or the sponsor initiation. Additionally, award agreements typically include a clause for how an early termination situation will be handled, so individual awards are reviewed for specific guidance.

There are two types of award termination:

- Sponsor-initiated termination: The sponsor must provide written notification to OSP, which will contact the PI/PD and his/her department immediately. If the termination notice is sent to the PI/PD or department, OSP should be sent a copy immediately.
- University-initiated termination: Written notification must be submitted by OSP to the sponsor. Units/Colleges should also be mindful that an early termination may negatively

impact the sponsor's willingness or contractual requirement to make final payment on outstanding invoices.

Regardless of who initiates the early termination, all required reports (e.g., financial, technical, property and patent), must still be provided to the sponsor.

Generally, sponsor-initiated notices will be sent to OSP, in which case OSP will work with PIs, unit research administrators, and GCA to evaluate the termination notice, plan a formal response to the sponsor, and begin the closeout process. All PI/PDs receiving notification of early award termination must contact their respective OSP Grant and Contract Manager immediately for processing.

### ***Recordkeeping***

OMB §200.333 states that “financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities.”

At AU, records are retained for a maximum of 7 years. The AU [Record Retention Schedule](#) provides additional information on types of records retained, the responsible office, the official repository, and the duration of retention.

# AUDITS AND SITE VISITS

## VIII. ANNUAL AUDITS

### Financial Statement Audit

The annual audit of the University's Financial Statements is performed in accordance with generally accepted auditing standards of the AICPA by an independent public accounting firm. Audit reports and management letters are presented to the Audit Committee of the AU Board of Trustees.

### The Single Audit

For Federally-funded grants and contracts, the Single Audit as outlined in 2 CFR 200, Subpart F must be made available to the public and exists to ensure that financial statements are presented fairly, that adequate internal control structures exist, and compliance with any special government regulations/laws is maintained. It must be submitted to the Federal Clearing House 30 days after receiving the audit report or nine months after the end of AU's fiscal year.

The Single Audit occurs annually for any organization expending \$750,000 of federal funds or more. Documentation is required for all activities covered by the Single Audit as outlined below:

Activities Allowed or Unallowed (A)	2 CFR Subpart E
Allowable Costs / Cost Principals (B)	§200.402 - §200.411
Cash Management (C)	§200.305
Eligibility (E)	§200.203
Equipment and Real Property Management (F)	§200.311 Real property, §200.313 Equipment
Matching, Level of Effort, Earmarking (G)	§200.306
Period of Performance (H)	§200.309
Procurement and Suspension and Debarment (I)	§200.317 - §200.326
Program Income (J)	§200.307
Reporting (L)	§200.327 Financial Reporting, 200.328 Program Performance Reporting
Subrecipient Monitoring (M)	§200.330 - §200.332
Special Tests (N)	Varies by entity – Key personnel and human subjects

### Internal Audits

The University's internal audit staff performs continuous reviews of financial procedures and policies annually. They report the results of their audits to the Audit Committee and the Independent Auditors.

## IX. SITE VISITS

A sponsor may request a site visit for a number of reasons throughout the life of a project:

- To review the principal investigator and University prior to the award to ensure the right fit exists for the proposed project;
- To review programmatic progress during the life of the project; or
- To audit financial activity during or after the project.

If you receive a notice for site visit, please inform OSP and GCA immediately. OSP and GCA will work together to determine if the site visit is programmatic, financial, or both. GCA is the official contact for external sponsors for all financial matters so its involvement in external visits or audits protects you and your department from possible liabilities. If the site visit covers any financial aspects of the project, GCA will not only help you to arrange the site visit but also sends a representative onsite to help you with all questions related to the financial management of the project. If the site visit is strictly programmatic, OSP will work with the sponsor to arrange the visit. Should any finance-related questions arise during a programmatic visit, please request that the sponsor contact GCA.