Part II
Research Administration
Start to Finish
(GC1000)
Complete Course
Fundamental Award Principals (Module 1.00)

In this module

- Fundamental Award Principals
- Spending Sponsored Funds
- PI Responsibilities
- OGC Responsibilities
- Federally Sponsored Awards
- Cost Accounting Standards
Fundamental Award Principles

Postaward Period - Follows the actual receipt set-up by OGC
- From the award document or fully executed agreement, through the final project technical and financial reporting.
- The period includes:
  - The closeout process
  - Audit resolution as applicable
  - The document retention period.

Postaward Administration
- The period of activity in which the requirements of the award are completed.
- A joint effort on the part of the PI, administrative unit, and OGC

Fiscal Policy 4-13 Roles & Responsibilities for Grant & Contract Administration
Fundamental Award Principals

**Budget period**
An interval of time (usually 12 months) in which a project period is divided for budgetary and funding purposes.

**Project period**
The total time for which a sponsor provides support and sponsored a project.

*For example:* with NIH, the project period is for multiple years, but only the current budget period of funding is allocated to UCD.
Upon acceptance of an award, it becomes the PI’s and UCD’s responsibility to conduct the project in accordance with:

- The terms and conditions of the award
- The applicable policies and procedures governing the activities under the award

Part of this responsibility includes maintaining financial compliance, which can be multifaceted and have a large impact on the overall financial success of the project.
Sponsored Research Agreements (Awards)

- **Legally and mutually binding** agreements between the sponsoring agency and the Regents of the University of Colorado.

- **Failure to comply** with the required guidelines or regulations may **jeopardize UCD’s ability to qualify** for future funding, require the refund of monies awarded, and/or create audit disallowances.
While the award is to UCD, the PI has primary responsibility:

- To achieve the **technical success** of the project
- To comply with the financial and administrative **policies and regulations** associated with the award.
- Obligation to **adhere to all terms and conditions** of the award
  - **Adequately document** all expenditures and budget modifications in accordance with sponsor and OGC requirements.
Spending funds on sponsored awards will always be subject to the terms of the award and UCD policies. This includes the State of Colorado’s restrictions on procurement practices.

In order to spend money, the money must be available to spend.

Important! The PI has primary responsibility!
Although the PI may have administrative staff to assist him/her with the management of project funds, the ultimate responsibility for the management of the sponsored project work and funds rests with the PI.
Responsibilities of the PI

The PI’s financial and administrative responsibilities include, but are not limited to:

- **Understanding** the sponsor’s general policies and specific terms and conditions applicable to the award.
- **Adhering** to UCD requirements including human subjects, animal care, hazardous materials, and bio-safety.
- **Executing** the technical aspects of the project.
Responsibilities of the PI

The process of spending funds is essential to the progress of any project. The PI must establish a means to ensure that:

- No more than the amount authorized by the sponsor for the project period is spent.
- Limitations on the amount of money that may be spent in any single budget category are followed.
- Costs are incurred only for goods or services that will be used or received during the project period.
Responsibilities of the PI

The PI must also assure that:

• Authorization of only those expenditures which are **reasonable and necessary to accomplish the project goals** and are consistent with the sponsor’s terms and conditions.

• Fiscal stewardship is maintained over the sponsored project, ensuring the **reasonable and prudent use** of the sponsor’s funds.
OGC Responsibilities

OGC can:

• **Research, analyze, and clarify** for UCD faculty and staff various UCD, University, State, and sponsor policies, procedures, and regulations.

• **Manage billing and cash collection activities** (except on non-federal clinical trials and awards with a periodic payment schedule as a condition of the award) and perform appropriate follow-up when payments are past due.

OGC supports the PI by:

• **Monitoring selected expenditures in the financial system**, within established parameters, to ensure selected expenditure activity appears appropriate.

• OGC is available to **provide advice, assistance, and training** to facilitate compliance with the rules and regulations applied to each sponsored project award.
Federally Sponsored Awards

Standard federal regulations apply to awards. The Office of Management and Budget (OMB) leads the development of government-wide policies meant to:

- Assure that agreements are managed properly
- Federal funds are spent in accordance with applicable laws and regulations.

The OMB Circulars apply to all federally funded awards whether it is grants or contracts.

See the Guide to Federally Funded Awards for more information on the various standard regulations that may apply.

Whether the award is made directly to UCD or through another agency to UCD, the federal cost principles found in OMB Circular A-21, Cost Principles for Educational Institutions must be followed.
OMB Circular A-21 Cost Principles, establish principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

The significant cost principles of A-21 include:

- Cost Accounting Standards (CAS)
- Allocable Costs
- Direct Costs vs. Facilities and Administrative (F&A) Costs
- Allowable and Unallowable costs

Institutions that receive federal funding must comply with these cost principles!
Cost Principles

The cost principles are fundamental to ensuring success with grants management.

The principles for allowability address four tests:

- Reasonableness (*including necessity*)
- Allocability
- Consistency
- Conformance with the terms & conditions of the award
Cost Accounting Standards

Allowability:

- Those costs that can be charged directly to the sponsored agreement.

See UCD Fiscal Policy, "Direct Charges to Federally Sponsored Projects."
Cost Accounting Standards

Reasonableness:

• A cost that is necessary to and supports the specific performance of the sponsored project.

• A cost is reasonable if a prudent person would purchase a given item for the same purchase price.

NOTE!
Failure to adequately document a cost could result in the disallowance of a legitimate charge.
Cost Accounting Standards

Allocability:
Costs should be allocated to the “users” in proportion to the benefits received.

At the time of commitment or expense, it should be relatively easy to assign the costs with a high degree of accuracy, in reasonable and realistic proportion to the benefit provided.
Cost Accounting Standards

Consistency:

- Costs are to be charged consistently throughout the University for the same purpose in like circumstances, either as direct costs or Facilities and Administrative (F&A) costs.

- Costs incurred that benefit more than one sponsored project, should be allocated to each project in proportion to the benefits received, using a reasonable basis for reflecting the use or level of service.
Cost Accounting Standards

Costs may not be shifted to other sponsored projects due to:

- Cost overruns
- Avoidance of restrictions imposed by law
- Or for convenience

- Must be adhered to in addition to any other applicable requirements of any federally sponsored award.
  - Including sub-federal awards, and awards from a non-federal entity, which is the primary recipient of funds provided by the federal government.

- Are used as the measuring stick for UCD to demonstrate consistency in its cost accounting practices for all of its federally-funded activities.

Review: Fiscal policy regarding cost sharing.
In order to meet a number of the PI’s responsibilities, consider the following before making purchases:

– Is the cost allowable as a direct cost?

– Can the cost be allocated to the award?
  
  *(i.e. Is the cost in proportion to the benefit received and easily assigned with a high degree of accuracy?)*

– When does the award terminate?

– What is the remaining balance on the award?

– What are the budget restrictions?