



VIRGINIA COMMONWEALTH UNIVERSITY

SPONSORED PROGRAMS HANDBOOK

Prepared by

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INTRODUCTION

Much of the research conducted at universities nationwide is performed using funds from organizations that support activities through various types of sponsored agreements. At VCU, faculty and researchers, often referred to as principal investigators (PIs), are encouraged to seek additional financial resources to support their research beyond that which is available through the University's funds. This additional support is generally obtained by receiving a sponsored project award. Sponsored projects are financial assistance or contract mechanisms that provide money, property, or both, to carry out an approved project or activity.

PROPOSALS

An application for a sponsored project award generally takes the form of a proposal. A proposal is an application for funding that includes all information that is necessary to describe the project aims and objectives, staff capabilities, environment, and funding requirements.

POLICY

The solicitation of a sponsored award must be conducted through the appropriate VCU offices. All proposals and awards for sponsored projects must be processed through the Office of Sponsored Programs (for all federal, state, local, foundation and other non-profit agencies) and the Office of Industry Partnerships (for for-profits). Faculty are not empowered or authorized to submit proposals, negotiate the terms of an award, accept awards or execute contracts on behalf of the University.

There are two types of proposals submitted by PIs in search of funding for sponsored projects:

SOLICITED PROPOSALS

Solicitations, or requests for proposals (RFPs), are issued by agencies or private funding sources who make requests for a specific research project. These RFPs are generally subject to open bidding to any qualified researcher. Deadlines are specified in the announcement and must be adhered to. The resulting agreement usually takes the form of a contract between the funding agency and the University.

UNSOLICITED PROPOSALS

Unsolicited proposals are submitted to an agency that generally funds research of the type being proposed. If the agency decides to fund the research, the funding may take the form of a grant, contract or cooperative agreement. Most large agencies have set deadlines for submittal of unsolicited proposals each year, and funding decisions are made once all proposals received in that time period have been reviewed. Corporate sector funding is frequently in the form of individual contracts for specific work, including clinical trials.

AWARDS

DEFINITIONS

A contract is one party buying a service or product from the other in exchange for payment. Contracts assume the production and delivery of a specific product that can be an instrument, device or technical report. Consequently, contract requirements are more specific and less flexible than grants and sponsor personnel tend to maintain stricter oversight. Federal contracts are governed by the Federal Acquisition Regulations as well as the specific terms and conditions in each contract document.

A cooperative agreement is an arrangement where both parties are involved in carrying out a portion of the research. Cooperative agreements generally stipulate the responsibilities of both parties. Federal cooperative agreements are governed by the same regulations as Federal grants.

Grants are financial assistance instruments that provide the researcher with significant flexibility to determine spending categories and research direction. Grants are usually made in support of basic research, requiring technical and financial reports rather than specifying definite services or product deliverables. Unlike cooperative agreements, grants do not require substantial programmatic involvement between the parties. Federal grants are governed by the Office of Management and Budget (OMB) Cost and Accounting Circulars and by each individual agency's grants policy document.

Sponsored agreements are contracts that require the University to provide goods and /or services in exchange for payment and grants or cooperative agreements that require the University to provide technical and/or financial reporting to the sponsor on the results of research or other sponsored activity.

AWARD ADMINISTRATION

RESPONSIBILITY

The PI of a sponsored project is directly and totally responsible for adhering to the applicable funding source restrictions. Grants and Contracts (G&C) Accounting and the Department business office monitor sponsored funds expenditures. G&C also prepares and submits agency invoices and reports of expenditures. The administration of sponsored activity is generally identified as pre-award or post-award:

PRE-AWARD

Pre-award administration includes all aspects of proposal development and submission as well as award negotiation. OSP does not normally review the content of the technical part of the proposal that deals with specific areas of knowledge unique to each department and requires in-depth knowledge of the field. OSP will review budgets, ensure appropriate approvals have been obtained, and check the proposal to make sure that all necessary forms and information have been included. See “Proposal Submission” for more information. OSP will conduct all necessary award negotiations and assist in the preparation of any additional documents requested by the sponsor during the course of those negotiations.

POST-AWARD

All activities after the award is issued by the sponsor and accepted by the University are considered post-award administration. Once OSP has received and examined the award to make sure all the conditions for acceptance have been met, it will release the award for account set-up. G&C establishes the account and monitors expenditures and receivables, and is responsible for assisting the PI in developing and submitting financial reports. Fiscal management oversight is provided by a combination of the Department, the School and G&C.

Post-award administration is handled by each department unless problems arise or prior approval is required from the sponsor. OSP is considered the liaison between the sponsor and the University and will intervene if there are problems. OSP must approve all requests for modifications or prior approvals to existing agreements, will provide assistance in interpretation of rules, regulations and other legal requirements, and also assists in closeout once the award period ends.

PROPOSAL WRITING

Proposals are written by the PI. OSP provides assistance with obtaining and interpreting agency guidelines, providing all administration data such as rates and assurance dates, and by reviewing the completed proposal.

In general a proposal consists of a narrative or technical section, an administration section or document, and a budget. The narrative or technical section should be a clear and concise explanation of the planned research including specific goals and methodologies.

The budget is the best estimate of support needed to perform the research proposed. It should detail and justify each item of cost.

GENERAL FORMAT

Most federal and many private agencies provide application forms and guidelines. Remember that proposals could be eliminated even before reaching the review committee or panel if the agency's instructions are not precisely followed.

In cases where these are not provided, the following basic format is suggested:

- 1) cover page
- 2) certifications and representations as required by agency
- 3) abstract containing a brief overview (approximately 250 words) of the proposed research including goals and methods
- 4) introduction which identifies the problem and the need for the research
- 5) statement of work which outlines precisely the goals, methodologies, dissemination of information and a description of resources
- 6) budget estimates for every item of cost and supporting detail
- 7) listing of current and pending research support
- 8) appendix, including vitas for key personnel and other pertinent documents or forms

BUDGET FORMAT

Budgets generally contain itemized direct and F&A costs, other cost requirements, appendices and required forms. Budget estimates should outline all costs for a given project. The following is a general budget format:

DIRECT COSTS

Direct costs are the expenses directly associated with a specific research project. The sponsor is expected to provide for all direct costs, which may include:

Salaries and Wages: List professional personnel to be involved along with a percentage of effort. Next, list staff required and the estimated number of calendar months to be devoted to the project each year. On federally funded projects, administrative salaries are generally unallowable. If they are to be included, it is essential that sufficient justification for clerical and administrative staff be provided. Refer to the university policy regarding administrative support for further information at <http://www.vcu.edu/finance/CostAccounting/adminclerical.htm>.

Fringe Benefits: Varying fringe benefits are associated with different personnel categories. See the “Rates” section of our website at <http://www.research.vcu.edu/osp/rates.htm> for current fringe benefit rates.

Materials and Supplies: These are normally expendable items with a useful life of less than one year. It is generally unacceptable to include office supplies. Provide details for all materials and supplies required.

Capital Equipment: Identify the piece of equipment including the model number, manufacturer, name of vendor, contact person and telephone. Capital equipment must be directly related to the proposed research, have a useful life of more than one year, and cost in excess of \$5,000. General purpose equipment, such as desks and computers, is generally not allowed. Consult agency regulations or call OSP for more specific information.

Travel: Describe separate domestic and foreign travel associated with the project. Provide a breakdown of costs according to destination, purpose, number of travelers, number of trips, etc.

Consultants: Identify the names of consultants, specialty, daily rate and justification for their use. VCU employees cannot serve as consultants on VCU sponsored projects.

Printing and Publication Costs: Estimate the number of pages, page charges, and name(s) of journal(s).

Subcontracts/Subawards: List the names and addresses of all subcontractors/subawardees. Obtain a proposal from the subcontractor/subawardee (signed by an authorized official) that includes a statement of work, detailed cost estimate and rate agreement.

Alterations and/or Renovations: Itemize the requirements and costs.

Other Direct Costs: Includes direct costs not specifically described by the general headings above such as tuition remission.

FACILITIES AND ADMINISTRATIVE COSTS (F&A)

Facilities and Administrative (F&A) Costs, previously known as indirect costs, are the expenses incurred for general University operations while conducting the research project, such as library services, administrative costs, and building use and maintenance. F&A costs are calculated as a percentage of direct costs and are set by the Federal Government.

The federal government provides rules (OMB Circular A-21) governing the calculation of F&A cost rates and periodically audits the costs supporting the rates we have negotiated. Some items, such as capital equipment and tuition, are excluded from the F&A cost calculation. Known as Modified Total Direct Costs (MTDC), this formula entails deducting the following direct cost items prior to calculating F&A: Equipment exceeding \$5,000 per item; subcontracts in excess of \$25,000; tuition, patient care costs, rental of off-site facilities; capital expenditures; and fellowships and scholarships.

F&A cost rates may vary according to the type or location of the research project. Consult the “Rates” section of our website for current rates at <http://www.research.vcu.edu/osp/rates.htm>, and contact OSP for updates and questions.

APPLICATION OF F&A RATES TO SPONSORED PROJECTS

F&A cost rates are applicable to all sponsored projects (grants, contracts, cooperative agreements, subawards and subcontracts) funded by federal, state or private sponsors. The application of these rates allows VCU to recover certain costs (e.g., facilities, utilities, libraries, administration, student services, etc.) associated with externally funded training and research activity that, although true costs, cannot be identified specifically with a particular project or activity. The federal government (DHHS for VCU) determines the rate that is necessary to collect these costs from sponsored awards.

The first step in determining the proper F&A rate is to read the sponsor program guidelines. If there is a limit on F&A, the program guidelines or announcement will list the rate that should be used. Full F&A should be used if no limitation is specified.

The next step in determining the appropriate rate is to establish what type of project you have. OMB Circular A-21 describes the different types of awards – Organized Research, Instruction and Training, or Other Sponsored Activities.

WHAT F&A RATE DO I USE?

It is important to select the correct Facilities and Administration Cost rate for a project as the proposal budget is being prepared. VCU has three categories of negotiated F&A rates, and in each category there are ON- and OFF-Campus rates. The appropriate rate to use depends on the nature of the project. It is important to note that some programs may

have statutory or regulatory limits on F&A recovery, but that does not change the nature of the project.

ORGANIZED RESEARCH RATE

Sponsored research means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. [Source: A-21 B.1.(b)(1)]

Includes all research and development activities that are separately budgeted and accounted for and that are sponsored by federal and non-federal agencies and organizations. [Source: Guidelines for Assigning Indirect Cost Pool Codes, <http://www.vcu.edu/finance/IDCguidelines.pdf>]

RESEARCH TRAINING RATE

“Training rate” is a misnomer. There is NOT a negotiated “training” rate. However, US DHHS and US Department of Education have a regulatory limitation on F&A for programs that THEY identify as “training” (as specified in the program announcement). This limit is currently (2001) 8% of “Total Allowable Direct Costs”, a different base than MTDC. Total Allowable Direct Cost is Total Direct less Tuition and Fees and Capital Equipment. (Currently there is a proposal that NIH may increase that regulatory limit for many research training activities.)

Includes research training activities established by grant, contract, or cooperative agreement from outside organizations. (These activities may include fellowships and stipends that require statements of appointment.) [Source: Guidelines for Assigning Indirect Cost Pool Codes, <http://www.vcu.edu/finance/IDCguidelines.pdf>]

CLINICAL TRIALS FUNDED BY FEDERAL AGENCIES

Clinical Trials funded by federal agencies use the Organized Research Rate. A clinical trial is a controlled, clinical testing of investigational new drugs, devices, treatments, or diagnostics, or comparisons of approved drugs, devices, treatments, or diagnostics, to assess their safety, efficacy, benefits, costs, adverse reactions, and/or other outcomes, if any, in human subjects. Preclinical laboratory studies or studies in animals are not included under the term clinical trial. If the drug study is the development of a drug, rather than the testing of a drug on patients, it should be classified as organized research. Clinical Trials supported by federal funds receive the Organized Research Rate. [Source:

Guidelines for Assigning Indirect Cost Pool Codes,
<http://www.vcu.edu/finance/IDCguidelines.pdf>]

Note that VCU provides a special rate using the Total Direct Cost base for clinical trials with industrial/commercial sponsors because this base is used by almost all universities and is well understood by industrial/commercial sponsors. Contact the Office of Industry Partnerships for further information.

INSTRUCTION RATE

Sponsored instruction and training means specific instructional or training activity established by grant, contract, or cooperative agreement. Except for research training [see above], this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. For purposes of the cost principles, this activity may be considered a major function even though an institution's accounting treatment may include it in the instruction function. [Source: A-21 B.1.]

Except for sponsored training, which is defined below, includes all teaching and training activities, whether they are credit or noncredit courses, for academic, vocational and technical instruction, for remedial and tutorial instruction, and for regular, special, and extension sessions. [Source: Guidelines for Assigning Indirect Cost Pool Codes, <http://www.vcu.edu/finance/IDCguidelines.pdf>]

EDUCATION SERVICES RATE

There is NOT a negotiated “educational service” rate. However, US DHHS and US Department of Education have a regulatory limitation on F&A for programs that THEY identify as “training” (as specified in the program announcement). This limit is currently 8% of “Total Allowable Direct Costs”, a different base than MTDC. Total Allowable Direct Cost is Total Direct less Tuition and Fees and Capital Equipment. Note that “research training” is discussed above.

OTHER SPONSORED ACTIVITIES RATE

Includes programs and projects financed by federal and non-federal agencies and organizations that involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, community service programs and studies, technical assistance and service programs, extension services, and agricultural experiment stations. [Source: Guidelines for Assigning Indirect Cost Pool Codes, <http://www.vcu.edu/finance/IDCguidelines.pdf>]

Other sponsored activities means programs and projects financed by Federal and non-Federal agencies and organizations that involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, and community service programs. [Source: A-21 B.1.(c)]

NOTE: Some federal agencies, notably HRSA, are specifying in their program notices that some activities should be at the Other Sponsored Activities rate rather than the Research rate. The activities under these programs are clearly neither research, nor instruction.

ON- VS. OFF-CAMPUS

OFF-CAMPUS DEFINITION: (for facilities and administrative costs purposes):
For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the projects, the off-campus rate will apply. Grants or contracts will not be subject to more than one facilities and administrative costs rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project. [Source: VCU's rate agreement] "Rent directly allocated to the project" may involve rent as a direct cost to the sponsor budget, or may involve third party cost sharing. "Off-campus" DOES NOT refer to field work.

Once the project type and location are determined, the proper federally negotiated rate should be applied. Current rates can be found at:

<http://www.research.vcu.edu/osp/rates.htm>

Federal rates can be used with state and private sponsors, and must be used if VCU will be a subcontractor or subawardee on a federal prime award. Questions can be directed to your OSP team leader.

COST SHARING

Some agencies require that a percentage of the research costs be shared by the University. Cost sharing represents a financial commitment to a research project. Whenever the full costs of a project are not recovered (direct or F&A), the University is sharing a percentage of the research costs and it is considered cost-sharing. University cost-sharing should not be included in a proposal unless it is mandatory by statute, regulation or written policy.

No cost sharing, waiver or modification can be accepted without the approval of the appropriate Chair and Dean.

Cost-sharing may take the form of outright, in-kind, or matching. Outright cost sharing generally constitutes a cash contribution specifically earmarked for participation on a project. In-kind contributions may include University or third-party contributions of

efforts, services or goods. To be acceptable as cost sharing, an expenditure must be verifiable from the official University records; not be used as cost sharing for any other sponsored program; be necessary and reasonable for proper and efficient accomplishment of the project; be allowable under the University governing cost principles and policies (OMB Circular A-21); be incurred during the effective dates of the award, and not paid by the federal government under another sponsored project.

It is important to remember that all types of cost sharing must be accounted for, even if only mentioned in the proposal text and not specified in the budget. See <http://www.vcu.edu/finance/gc-admin/G&C%20cost-share.htm> for further information on accounting for and tracking of cost-sharing.

PROPOSAL SUBMISSION

UNIVERSITY REQUIREMENTS

It is essential that all proposals be reviewed by OSP prior to submission to the potential sponsor so that OSP can ensure that the budget is correct, using the most recent F&A costs and fringe benefit rates. OSP also reviews the documents for compliance with University policies and federal and state guidelines. Remember, proposals must be submitted to OSP when requesting the funds, not when they are received!

OSP requires a minimum of five (5) working days to review any proposal to be submitted to a sponsor. In general, such proposal routing can be accomplished by submitting to OSP the following documents: An Internal Approval Form (formerly called the “Greensheet”); a project description and/or scope of work; a budget and budget justification; a cover sheet, any agency-required forms; and subawardee information. OSP forms are all available at: <http://www.research.vcu.edu/forms/osp.htm>

COMPLIANCE

The University must provide sponsors with certain assurances regarding every research project. These assurances generally involve areas of potential physical, psychological, financial or legal liability that the researcher, the sponsor, and/or the University may be subject to during the course of the research project and beyond.

In order for the affected parties to minimize potential liability, the federal government and the University require that certain approvals be obtained before a project is begun. “Approvals” in this sense involve the conduct of an examination by unaffected, technically qualified individuals of those specific elements of the research project that pose potential risks. The examination of these risks is based, for the most part, upon federal and/or University regulations specific to the elements being examined.

OSP offers detailed information regarding policies, training and other information pertinent to the responsible conduct of research online at <http://www.research.vcu.edu/oeco/index.htm>.

USE OF ANIMALS IN RESEARCH

Any research proposal which uses vertebrate animals, or tissue derived therefrom, must have the animal “protocol” approved by the Institutional Animal Care and Use Committee (IACUC). This refers to the specific methodologies which describe how the animals will be used and maintained. Information regarding the requirements for approvals can be obtained by visiting the Office of Research Subjects Protection website at <http://www.research.vcu.edu/orsp/index.htm>.

USE OF HUMAN SUBJECTS IN RESEARCH

The University must approve any research project involving the use of human subjects. The University must give assurances regarding research that involves both physical and psychological testing. This includes social data collection and analysis.

Complete information regarding what is required concerning the use of human subjects in research can be acquired from the Office of Research Subjects Protection at <http://www.research.vcu.edu/orsp/index.htm>.

USE OF INFECTIOUS AGENTS OR OTHER BIOHAZARDOUS MATERIALS

The University must examine and approve the handling, storage and disposal of any materials in this category. These approvals are obtained by contacting the Office of Environmental Health and Safety (OEHS) at <http://www.vcu.edu/oehs/>.

USE OF RADIOACTIVE MATERIALS

The handling, use, storage and security of these materials must be registered with the Office of Environmental Health Services.

USE OF RECOMBINANT DNA

As with “Infectious Agents”, contact the Office of Environmental Health Services.

ALTERATIONS AND RENOVATIONS

Any modification of laboratory or office space must be approved by the department chairperson and the appropriate dean before any information is conveyed to a potential sponsor. The alterations of space involves various levels of cost and has ramifications that could affect space allocations for an entire academic department.

CAPITAL EQUIPMENT

First-rate research often requires the acquisition of major equipment systems. However, the University is required by the Federal Government to avoid acquiring equipment that is duplicative or easily and conveniently available within a department. This inquiry, therefore, helps the University to determine equipment needs in those instances where it is disadvantageous to utilize the existing equipment.

CONFLICT OF INTEREST

Conflicts of interest exists when external commitments made by University employees threaten or impair independent scholarly inquiry, compromise one's freedom of thought or action, or impedes an employee's ability to capably perform the duties of his/her University position. To minimize the likelihood of such conflicts, the University in accordance with federal regulations, has developed an Office of Research Conflict of Interest Policy of which every employee pursuing external activities with income potential should be cognizant.

CERTIFICATIONS AND REPRESENTATIONS

Due to federal mandate, the University must often certify that it conducts its activities in a manner that does not violate specific federal laws or regulations associated with the obligations of entities that receive federal funds. These assurances to the federal sponsors constitute "promises" on the part of the University that it understands the sum and substance of the regulation, and that it will do its best to behave in accordance with such regulations. The documents that convey our assurances in these matters are called "certifications and representations."

Most agencies have a single form which covers a general set of certifications regarding non-discriminatory employment practices, accuracy of cost and pricing data, employer identification number and the like. The more highly visible certifications are the "special certifications" that usually reflect a conspicuous attempt by the government to address problems of contemporary importance. Among these assurances would be those attesting that the University is a Drug-Free Workplace; that VCU has not experienced Debarment or Suspension in previous federal grants or contracts; that the University does not Lobby to attract research funding; that equipment purchases are not duplicative, etc. Because

certification requirements are constantly changing, OSP monitors federal requirements in these areas. Whenever there are questions about required certifications and representations, please direct them to OSP.

ROUTING OF PROPOSALS

Proposals must be routed as detailed below through OSP for review and to obtain the necessary authorized official signature. To ensure that your submission deadlines are not missed, please allow five (5) working days for this review.

All proposal components (text, budget, agency forms, certifications) are prepared in the department.

An Internal Approval Form must be filled out and attached to the proposal. The form is available at <http://www.research.vcu.edu/forms/InternalApprovalForm.doc>. This must be signed by the Principal Investigator (who attests to the proposal's accuracy), Co-Investigators (who agree to participate), each Department Chair or Center Director (who agrees to space, equipment, personnel, cost sharing, etc.) and the respective Deans.

Generally, the sponsoring agency has a cover sheet that requires the signature of an authorized official of VCU. This cover sheet should be completed by the department and submitted to OSP, along with the Internal Approval Form, which will obtain the authorized representative's signature. If the agency has no cover sheet format, the optional OSP Generic Face Page may be signed and attached to the proposal. The Generic Face Page is available at <http://www.research.vcu.edu/forms/OSPFacePage.doc>.

Note that cost sharing should be negotiated with the Department Chair and Dean and a cost sharing authorization form completed and signed by the appropriate fiscal manager. The cost sharing authorization form is available at <http://www.research.vcu.edu/forms/CostShareAuthorization.xls>

The forms and proposal become the proposal package. The proposal package is sent to OSP for review. A proposal package for proposals being submitted electronically is still required for OSP. OSP will ensure that the proposal is:

- reviewed by the appropriate Contracts and Grants Administrator for University and Sponsor requirements as well as for budget accuracy. Also, OSP will prepare and attach any certifications required by the agency; and
- signed by the Director of Sponsored Programs if administratively acceptable.

OSP will then call the person indicated on the Internal Approval Form to notify them that the proposal is ready for pick up.

After the appropriate copies are made, the department may mail or deliver the proposal package to the sponsor. If requested in advance, OSP will mail the proposal to the Sponsor if the department supplies the requested number of copies and a charge code for postage or overnight carrier charge.

PI's may check the status of their proposals by contacting the appropriate team in OSP.

NOTE: Failure to follow these procedures may result in delays in the award negotiation process and account set-up.

PROJECT MANAGEMENT

AWARD ACCEPTANCE

Awards are made to and accepted by VCU. Once a sponsor makes an award, OSP checks the terms and conditions. If all is satisfactory, OSP will notify the PI and Grants and Contracts Accounting of the award. Grants and Contracts Accounting will assign an account number to the project. For contract awards, additional time is required for negotiation.

CAPITAL EQUIPMENT PURCHASES

As indicated in OMB Circular A-21, equipment is defined as “an article of nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.” For sponsors which require prior approval for equipment purchases (primarily contracts) or, if applicable, the rebudgeting of funds, approval requests must be routed through OSP.

INVENTORY REPORTING

Equipment records that can be inventoried are maintained by the Office of Property Management in accordance with the procedures described here: <http://beech.vcu.edu/frswebsite.nsf/pages/pmanage.html>. It is important that the Office of Property Management is notified of any changes to the equipment, such as transfers between departments or to other institutions.

These procedures are necessary to submit complete and accurate equipment reports to the sponsors.

POST AWARD CHANGES

After an award has been made, changes affecting the budget or the award period are sometimes necessary. Regulations regarding post award changes vary among agencies. Particularly, changes in some items may require approval such as travel, time extensions, non-competing renewals, absences, supplemental funds, rebudgeting or change of PI.

Awards are made to VCU under specific terms and conditions. All sponsors reserve the right to conduct an audit of the expenditures for a research project. Sponsors may determine that certain expenditures may be disallowed if the letter and spirit of their regulations are not followed. In this case, VCU may be required to refund to the sponsor all disallowed expenditures.

REPORTING REQUIREMENTS

Most grant and contract agreements require interim and/or final reports. These reports may include equipment, patent, financial and/or technical. Most of these reports are required to be submitted on an annual basis; however, some sponsors may require more frequent reporting. Final reports are required at the close of the award, usually within 90 days of the expiration of the final project funding period.

It is important that all reporting responsibilities be fulfilled as failure to do so may jeopardize future funding to the entire University. While it is the PI's responsibility to ensure all requirements of the award are met, OSP can assist by coordinating reporting compliance. The following offices are responsible for preparing the reports frequently required by a sponsored award:

Technical Reports – The PI is responsible for preparing and submitting all technical reports.

Patent Reports – With PI input, the Office of Technology Transfer prepares all notification of invention disclosure reports to sponsoring agencies. OSP prepares final invention reports.

Equipment or Inventory Reports – Grants and Contracts Accounting prepares and submits all required annual and final equipment reports. OSP assists by negotiating the disposition of remaining equipment at the termination of the project if not addressed in the original agreement.

Financial Reports – Grants and Contracts Accounting is responsible for preparing all financial reporting requirements.

ADDITIONAL SERVICES AVAILABLE THROUGH OSP

ELECTRONIC RESEARCH ADMINISTRATION

Our primary initiative at present is to spearhead the move to Electronic Research Administration (eRA) at VCU. To that end, we have licensed software from InfoEd for an electronic proposal system. Status reports on the development and implementation of InfoEd will be reported on OSP's website.

LISTS OF PARTIES EXCLUDED FROM FEDERAL PROGRAMS

The U.S. General Services Administration (GSA) provides an on-line database of parties excluded from federal procurement and nonprocurement programs. This database provides an up-to-date source of information on those firms and individuals that have been suspended, debarred, or otherwise excluded from federal procurement or nonprocurement programs government-wide. OSP routinely accesses this database prior to the issuance of subawards to verify the status of the subrecipients. This is a free government service, available 24 hours a day, 7 days a week. The website is <http://www.epls.gov>

NSF AND NIH ELECTRONIC AWARD NOTIFICATION

NSF and NIH now send all award notifications by electronic mail. OSP will process these awards within three (3) days of receipt.

NSF FASTLANE

Leading the way in electronic forms submission, NSF has created FastLane through which all administrative functions can be completed and submitted electronically to NSF. The ease of use and the time efficiency of this program make it ideal for PIs to submit forms, from proposals to technical reports. NSF FastLane can be found at www.fastlane.nsf.gov.

A password and registration in the NSF PI Database is required to use FastLane. If you need a password or would like further information or instruction, please contact OSP.

The following features are available for on-line use:

Proposal Preparation and Submission - Forms preparation is initiated by the PI, with access controlled by a valid user name, SSN and password. Proposal submission and electronic signature is done by OSP. FastLane provides checks for completeness and

other information edits. The forms may be reviewed and edited on-line prior to submission by the PI or anyone designated by the PI.

Proposal Status Inquiry – PIs can view information regarding the receipt and status of submitted proposals. Information includes the verification of basic identifying information, the date the proposal was received and the name of the NSF Program and Program Officer assigned to the proposal. FastLane also provides dates of final program approval, as well as the identification of overdue reports and other factors that might be delaying the proposal process.

Revised Budgets, Notifications and Requests – Any administrative changes, including revised budgets, no-cost extensions and any change in PI scope of work or other changes requiring NSF notification or approval, must be completed in FastLane. All administrative changes should be entered by the PI and will be submitted by OSP.

Interim and Final Project Reports – NSF grants require the submission of Interim Project Reports 30 days prior to the start of a continuation year, and a Final Project Report (NSF Form 98A) within 90 days of the end of the grant. To complete either of these reports, the user enters a valid NSF award number, Principal Investigator last name and password. The reports can then be entered into an on-line format, or uploaded as a word processing or PDF file.

NSF Award Search – NSF maintains a database of all active awards with information including PI, institution, start and end dates, amount and abstract. Users can query the NSF database by state, institution, NSF program, and fiscal year within each category. FastLane also provides a list of recent awards.

Proposal submissions just prior to or on the deadline date may be delayed due to the system load. Please keep this in mind when completing and submitting your proposal for review by this office. The internal approval form, budget, COI forms, and cost-sharing forms continue to be required for review and signature by OSP. Please allow time for this process.

NIH ERA COMMONS

The NIH eRA Commons - The Electronic Research Administration (ERA) Commons is a virtual meeting place where NIH extramural grantee organizations, grantees, and the public can receive and transmit information about the administration of biomedical and behavioral research. The ERA Commons is divided into both unrestricted and restricted portions that provide for public and confidential information, respectively. NIH eRA Commons can be found at <https://commons.era.nih.gov/commons/>.

The Primary Features of Commons include:

Status – Allows Principal Investigators to review the current status of all their grant applications and review detailed information associated with their grants. Institution Officials associated with the institution can see a summary view of grant applications, review the Notice of Grant Award, obtain one-time up-to-12-month no cost extensions, and access the Progress Report face page.

eSNAP – Allows an institution and PI to review non-competing grant data and submit a progress report online.

Internet Assisted Review (IAR) – Allows reviewers to submit critiques and preliminary scores for applications they are reviewing. Allows Reviewers, SRAs, and GTAs to view all critiques in preparation for a meeting. IAR creates a preliminary summary statement body containing submitted critiques for the SRA or GTA.

Financial Status Reports (FSR) – Allows electronic submission of financial information associated with a grant.

Administration - Provides the ability for an institution to create and manage user accounts associated with its institution. Additionally, it allows the institution's Signing Official (SO) to maintain the institution information on file at the NIH.

WORKSHOPS AND SEMINARS

The Office of Sponsored Programs, in conjunction with other offices across the University, offers a variety of training programs for research administrators. Current offerings are available at <http://www.research.vcu.edu/events/osp.htm>.

SUBAWARD AND SUBCONTRACTING ADMINISTRATIVE PROCEDURES

INTRODUCTION

Sponsored project awards made to VCU are generally conducted within the physical boundaries of VCU by University faculty and staff. Occasionally, however, a significant portion of the required work may need to be provided outside the University by a third party. The third party is made responsible for a discrete portion of the project award, providing the leadership and direction of a responsible investigator and the resources necessary to conduct that portion of the work. Costs associated with this work may include personnel costs, supplies, equipment, travel, F&A, etc. Such an arrangement is carried out through the issuance of a subaward (under prime grant awards) or subcontract (under prime contract awards).

The U.S. Government's Office of Management and Budget (OMB) requires recipients to analyze and monitor funds awarded to subawardees and subcontractors. The guidelines

and specific office procedures set out in this manual have been developed by the Office of Sponsored Programs (OSP) for establishing subawards and subcontracts for research, development and services to ensure compliance with U.S. Government regulations. These instructions should also be used as guidance in establishing private subcontracts and federal and private subawards.

Activities performed by private individuals who are not employees of VCU are normally administered through consulting agreements. For further information on consultants and independent contractors, please refer to http://www.vcu.edu/procurement/Chap_6a.doc, Section 6.50.

In cases where purchased services involve an organization entity but do not involve substantive scientific research, a purchase request may be appropriate. An example would be the performance of repetitive tests or activities requiring no discretionary judgment on the part of the provider. The issuance of a purchase order may also be appropriate in purchase-vendor relationships involving the procurement of goods or services which are related to the administrative support of the federal assistance program.

OVERVIEW

Administrative responsibilities at various stages in the subcontracting process are shared by the Principal Investigator (commonly referred to as Project Director or PI) and the Office of Sponsored Programs as indicated:

The subcontractor's proposal to perform a portion of the project's work generally is sent directly to VCU's project director, who incorporates it into his or her proposal for forwarding through to OSP which examines it for form, policy adherence and sufficient detail.

If required under FAR Clause 52.219-9 for federally funded subcontracts exceeding \$500,000, OSP will obtain a Small Business Subcontracting Plan from the subcontractor.

When the prime contract/award is received by OSP, the PI will be notified by OSP.

For specific instructions regarding VCU's proposal and award process, please refer to the previous sections of this Handbook.

At the time the contract/award is received, the PI is notified to prepare the Request for Subcontract/Subaward form.

Following receipt of the Request, OSP will prepare the subcontract/subaward and forward to the subcontractor/subawardee.

A copy of the fully executed subcontract/subaward will be sent to the PI and fiscal administrator following receipt.

Throughout the administration of the subcontract/subaward, a complete file of all documentation and correspondence is maintained at OSP. OSP has the final signatory authority for all administrative aspects of the subcontract/subaward, including rebudgeting approval and subcontract/subaward modifications.

Upon completion of the subcontract/subaward, all appropriate closing documents are completed by the PI and OSP and forwarded to the sponsor. The complete file is retained by OSP for a predetermined period of time to satisfy all audit requirements. Full details of the subcontract/subaward process follow.

THE SUBCONTRACT/SUBAWARD PROPOSAL

Selection of the Subcontractor/Subawardee

Subcontractors (under contract awards) - It is the responsibility of the Principal Investigator (PI) to ensure that the selection of a subcontractor is conducted in a manner to provide, to the maximum extent practical, open and free competition. As such, solicitations shall be based upon a clear and accurate description of the technical requirements for the service to be provided and should clearly set forth all requirements that the offeror must fulfill in order for his or her bid to be evaluated. Subsequent awards to subcontractors, therefore, should be made to the offeror whose bid is most responsive to the solicitation and is most advantageous to the recipient, price, and other factors considered. In addition, positive efforts should be made to utilize small business and minority-owned business sources.

The PI is responsible for price analysis when selecting a subcontractor. Price analysis may include the comparison of price quotations submitted, analysis of market prices and similar indicators, together with discounts. The PI will ultimately determine the appropriate price for the required services.

At this stage of the selection process, the PI may choose to contact OSP to determine whether or not the potential subcontractor is debarred or suspended from receiving federal funds.

When the nature of the program requires performance from a single source because the required services or expertise are not available from other sources, the PI is required to provide sole source justification, identifying the need for the particular services, and why the selected subcontractor is the only source available for the needed services.

Subawardees (under grants/cooperative agreements) – It is the responsibility of the Principal Investigator to ensure that the subawardee is capable of performing the required

work. An award based on a proposal that includes the subawardee information eliminates the need for sole source justification.

Incorporating the Subcontractor/Subawardee Proposal into the Prime Proposal

The PI and the subcontractor/subawardee negotiate the Statement of Work and it is included as part of the proposal submitted to the prime agency. The Statement of Work should be a concise narrative abstract of the work to be undertaken by the subcontractor/subawardee. In the case of a fixed price subcontract/subaward, the Statement of Work should also contain performance standards and deliverable schedules.

The costs related to subcontracts/subawards are included in VCU's direct cost portion of the prime proposal. Within the proposal, a separate subcontract/subaward budget should be attached providing a detailed breakdown of budget categories, such as salaries, wages, fringe benefits, materials, supplies, equipment, travel and other direct costs that are required in order to accomplish the specific aspects of the research that the subcontractor/subawardee has been requested to perform. Percentages of effort for personnel should also be included. F&A costs and fringe benefits should be calculated using the subcontractor/subawardee's negotiated rate agreement, which should be submitted as part of the subcontractor/subawardee proposal. If cost sharing is required, the percentage and amount required should also be included in the subcontractor/subawardee budget. The subcontractor/subawardee proposal should be approved by an authorized official of the entity.

Negotiating the Subcontract/Subaward

OSP reviews the subcontractor/subawardee proposal to determine its acceptability. Under federal law, agreements should be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed subcontract/subaward. Consideration is given to matters such as subcontractor/subawardee integrity, record of past performance, financial and technical resources and accessibility to other necessary resources. An on-line database is available to OSP for checking the status of potential subcontractors/subawardees to assure the organization is not debarred or suspended from receiving federal funds.

OSP is responsible for ensuring that cost analysis of the subcontractor/subawardee proposed budget has been performed by the PI. Evaluation and verification may be necessary for each element of the price to determine reasonableness, allocability and allowability. Documentation of this analysis is provided to OSP from the PI by completing the Request for Subaward form.

The procedures outlined above are designed to accommodate the majority of subcontracts/subawards prepared by OSP. In some cases, however, it may be necessary to issue a subcontract/subaward which was not planned for or listed in the proposal. In such instances, these guidelines shall be followed as closely as possible and in consultation with OSP.

Preparing the Subcontract/Subaward

Upon receipt of a fully executed agreement from the sponsor and an executed request for subaward form from the department (see <http://www.research.vcu.edu/forms/subawardprocess.doc>), OSP issues a subcontract/subaward to the third party. Each sponsor has its own approval requirements regarding subcontracts. In most cases, approval is required for subcontracts; however, subaward approval is often implied if the subaward was incorporated as part of the approved prime proposal budget. In certain instances, however, the sponsor's cognizant administrative official may require either the approval of the subcontract document itself prior to execution or the provision of a copy of the executed document. It is strongly advised that the PI contact OSP well in advance concerning the required turnaround time for subcontract approval.

The prime award is reviewed by OSP to determine any budgetary constraints, whether the terms and conditions that are included in the prime award are applicable to the subcontractor/subawardee; whether any general provisions have been incorporated into the agreement that are required to be flowed down to the subcontractor/subawardee; and whether there are any certifications required of the subcontractor/subawardee.

A subcontract/subaward is drafted which is consistent with the terms and conditions of the prime award and which is appropriate for the specific subcontractor/subawardee, i.e. non-profit vs. for-profit.

OSP SUBCONTRACT/SUBAWARD MONITORING

OSP holds final approval rights in the administration of the subcontract/subaward. This includes requests for approval for rebudgeting, foreign travel, the purchase of equipment, and the hiring of consultants. OSP will consult with the PI before approving or rejecting such requests. Sponsor approval may be necessary for certain changes.

OSP is responsible for oversight of subcontractor/subawardee compliance with the terms of the subcontract/subaward, including compliance with the reporting requirements of the subcontract/subaward. During the course of the subcontract/subaward, it may be necessary to issue modifications. OSP is responsible for the issuance and execution of all subcontract/subaward modifications. A Request for Modification form (see <http://www.research.vcu.edu/forms/subawardprocess.doc>) should be completed by the PI to initiate any required modifications.

PI SUBCONTRACT/SUBAWARD MONITORING

The PI holds all final approval rights for all technical components of the subcontract/subaward as well as monitoring expenditures to determine if costs are in accordance with the negotiated budget. This enables the PI to monitor the rate of expenditure to determine if costs are reasonable, if the work is progressing as planned and if there will be sufficient funds for the duration of the agreement.

The PI is responsible for monitoring all work in progress. Generally this will entail informal contacts between investigators, although it may be desirable to request monthly or quarterly technical reports in the subcontract/subaward document if the PI deems necessary. The PI should ensure compliance with the reporting requirements and inform OSP if he or she needs assistance in attaining compliance from the subcontractor/subawardee.

Prior to issuing a subcontract/subaward modification, the PI must determine if the proposed modification will involve a change in scope of work or objectives which will impact the project. In such a case, OSP may be required to obtain sponsor approval prior to issuing a modification.

CLOSEOUT OF SUBCONTRACTS/SUBAWARDS

OSP review the subcontract/subaward to ensure that all necessary closing actions have been carried out, including receipt of all appropriate closing documents.

The following reports are required for closeout within 30-45 days of termination

- Final technical report – submitted directly by PI
- Final equipment report, if required – to be obtained by OSP
- Final patent report – to be obtained by OSP
- Final voucher or invoice – approved by PI and copied to OSP
- All appropriate releases, if required – to be obtained by OSP

OSP performs a final desk audit of expenditures on subcontracts and, if necessary, may request that there be a full audit of the subcontract. OSP retains the complete file for a predetermined period to satisfy all audit requirements.

OSP performs a final desk audit for compliance on subawards. OSP retains the complete file for a predetermined period to satisfy all audit requirements.

The PI is responsible for seeing that an acceptable final report is received from the subcontractor/subawardee and will be asked to executed a “certification of final technical completion” stating such before final payment will be made.