UNIVERSITY OF THE VIRGIN ISLANDS

HISTORICALLY AMERICAN... UNIQUELY CARIBBEAN... GLOBALLY INTERACTIVE...

CONTRACT & GRANT AWARD MANAGEMENT HANDBOOK

Award Handbook
September 2023

Pre-Award Phase

Sponsor Actions	Lifecycle Steps	Applicant Actions
In the early stages of the proposal process, a sponsor plans and develops a funding program based on its mission, administration, and congressional initiatives	**Planning an Opportunity**	
Next, the sponsor formally announces the funding, advertising it to applicant communities and inviting proposals tailored to address the program's mission.	**Announcing an Opportunity**	
	Searching for Opportunities	Potential applicants can find funding opportunities for which they are eligible and are a mission-match for their organization.
	Register in appropriate funding agency system	When a potential funding opportunity is identified, the applicant needs to register in the appropriate funding agency's electronic system, as applicable. The applicant should also check the funding opportunity for additional registration requirements specified by the sponsor.
	Completing an Application	When completing a funding application, the applicant should be cognizant of procedures contained within the University's Office of Sponsored Programs. Developing a proposal takes significant work, so start early. Complete the application package as required by the sponsor. These fields require everything from basic organizational information to explanations of proposed work and financial data. When an application package has been completed per the opportunity instructions and checked for errors, it can be submitted on behalf of the University by the Office of Sponsored Programs.
When an application has been submitted, it is retrieved by the sponsor and screened for compliance. If it passes initial screening, the application is routed to the appropriate agency program for consideration.	**Retrieving the Application**	Once an application has been retrieved by the sponsor, the applicant receives a submission confirmation. At this point, the sponsor application review process begins.

Sponsor Actions	Lifecycle Steps	Applicant Actions
	Staying in the Loop	Applicants can track the status of their application by communicating with the sponsor. The application status process is handled differently by each agency.
As the sponsor reviews applications, a range of program stakeholders will participate. The review process takes time and varies based on sponsor and application type. As the review process takes place, sponsors may update applicants on the status of their application.	**Finishing the Review Process**	

Award Phase

Sponsor Actions	Lifecycle Steps	Applicant Actions
When the review process has been completed, the sponsor notifies the applicant whether or not they have received an award. The sponsor also begins working with the award recipient to finalize the legal framework for the funding agreement. Following this, the funds are authorized.	**Notifying the Award Recipient**	
	Beginning the Hard Work	After an applicant receives an award and the funds have been authorized, the applicant begins the project. The award recipient is responsible for meeting the administrative, financial, and programmatic reporting requirements of the award.

Post Award Phase

Sponsor Actions	Lifecycle Steps	Applicant Actions
After an award has been disbursed, a grants management officer at the sponsor agency oversees an awardee's reporting compliance. This process extends across the life of the award and involves reviewing reports submitted by the awardee. Representatives from the sponsor may perform on-site visits with the project director and implementation staff. Oversight may also occur in the form of an audit.	**Providing Support and Oversight**	
	Reporting Your Progress	Award recipients conduct two primary types of reporting to the sponsor on a regular basis: financial reporting and programmatic reporting. These reports provide information about the overall financial status and program performance of the grant project. Recipients must also respond to any audit requests that pertains to the award.
As reports and financial data are passed along to the sponsor, the program stakeholders ensure that all requirements are being met. Upon completing all the closeout requirements, including a review of the final financial and technical reports from the awardee, the grant lifecycle comes to an end.	**Award Closeout**	

Source: Grants.gov

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Introduction

The University of the Virgin Islands (University) is a learner-centered institution dedicated to its students through excellent teaching, innovative research and responsive community service. In the last decade, the University has realized an increase in the level of funding for sponsored projects, as well as an increase in local government contracts, funding for youth programs, Virgin Islands history and culture, surveys, and research in the marine environment. There has also been an increase in the level of private funding for health services, laboratory analyses, and courses in vocational studies. An increased emphasis on research has been identified by the University's leadership as a strategic priority. As such, the purpose of this handbook is to provide insight and support to principal investigators and their respective administrative staff that will better position the University for growth and success in the Research and Administrative arena. Information for this handbook uses various resources including those from federal regulations, University policies and procedures, and national organizations such as the National Council of University Research Administrators (NCURA) and Society for Research Administrators (SRA) materials.

This handbook is primarily devoted to the post award function. Title 2, Subtitle A, Chapter II, Part 200 of the Code of Federal Regulations (CFR) contains the uniform administrative requirements, cost principles, and audit requirements for Federal awards; 200 CFR is commonly referred to as the Uniform Guidance. Subpart D of 200 CFR contains post Federal award requirements and Subpart E of 200 CFR contains cost principles. The Federal Acquisition Regulations (FAR) contains the primary source of information for Federal government contracting regulations. FAR Part 31 contains contract cost principles and procedures, including information about unallowable costs. These regulations set forth the minimum standards that institutions must meet in order to be a recipient of federal assistance awards, and they form the basis of post-award administrative requirements.

1. AWARD ACCEPTANCE

a. *Institutional Review*

Sponsor agencies award institutional grants and contracts to the University on behalf of a Principal Investigator (PI) or Project Director (PD). For proper accountability and effective management of grants and contracts, sponsor agencies should send award documents to an institutional office, such as the Office of Sponsored Programs (OSP) for sponsored projects or Institutional Advancement (IA) for gifts and donations. If the award documents are sent directly to a PI, the PI must immediately forward the documents to the appropriate institutional office so that the award can be reviewed and accepted in a timely manner.

All institutional awards are made to the University, and not to an individual. As such, institutional review and approval will be required before an award is accepted. In order for the University to accept an award, specific information must be contained within the award document(s) issued by the sponsor. This includes, but is not limited to the following:

Period of Performance, the period from the authorized start date to the authorized end date of a project.
Scope of Work, a narrative description of the work to be completed under the agreement.
Award Amount, the dollar value of the award.
Sponsor Contact and Billing Information, the point of contact, including electronic and mailing addresses, telephone number, and any invoicing procedures.

The appropriate office (OSP or IA) will coordinate formal review of the award terms and conditions, assist with negotiations and publicity, and work with the Accounting Office to establish a separate, restricted grant Fund Number.

b. Principal Investigator (PI) Responsibilities

The Principal Investigator (PI) is ultimately responsible for all aspects of the sponsored project, including programmatic and financial oversight. Primary responsibilities of the PI include Project Management, Expenditure Management, Employee Management, Reporting, and Sub-award Management (as applicable). The University's OSP and Accounting Office have implemented administrative systems and processes to support the PI throughout the life of an award. PIs are required to coordinate with these offices for all award-related and financial-related matters.

The PI must comply with all terms and conditions of the award. Compliance means adherence to all applicable regulatory requirements placed on recipients of federal and non-federal awards. New regulations continue to be added or evolve to be more complex; nonetheless, the PI has an obligation to ensure that he/she and his/her collaborators and administrative staff are cognizant of and adhere to these requirements.

The following list contains the most common regulations imposed on federal award recipients; PIs and their administrative support staff should be cognizant of these regulations. (*The list does not cover detailed and specialized regulations surrounding clinical trials and is not exhaustive*).

Depending on the funding source and type of award, the regulations include but are not limited to:

Bayh-Dole Act: Title to any patentable idea conceived or developed under a federal award may vest in a nonprofit organization (including some universities) and small businesses subject to certain responsibilities of the recipient.

Buy American Act: Ensure purchasing of only American-made products except where waivers are obtained or trade agreements apply.

Policy on Code of Business Conduct and Ethics: It is the responsibility of all researchers, regardless of the source of funding, to be compliant with the University's regulations, contained within the Human Resources Policy Manual.

Davis-Bacon Act: Ensure that contractors and subcontractors pay wages in accordance with the wage rate determination.

Effort Certification: All personnel who receive any compensation from or have committed effort on a federally funded grant project are required to submit Time and Effort reports. Once these reports are submitted and certified, they cannot be changed.

Export Controls: Regardless of the source of funding, it is the responsibility of the PI to comply with Export Controls laws, which regulate 1) the shipment or transfer, by whatever means, of controlled items, software, technology, or services out of the U.S., and 2) the release of certain information to foreign nationals here in the U.S. (referred to as a "Deemed Export").

False Claims Act: Ensure that neither an institution of higher education nor an employee of such institution submits false claims to the government.

Federal Funding Accountability and Transparency Act (FFATA): Recipients of federal grants, cooperative agreements, and contracts are required to report subawards made in excess of $25,000 and vendor payments exceeding $30,000.

Financial Conflict of Interest: (FCOI) Training and Disclosure: All PIs and senior personnel working on grants from the National Science Foundation, or a Public Health Service (PHS) Agency (including NIH) are required to complete FCOI training and periodic disclosures.

Fly America Act (Open Skies/City pair Rates): Take all necessary steps to ensure that the transportation of passengers and property by air is provided by air carriers owned by a U.S. company. Ensure that University travel procedures are compliant with the Act and that all travelers paying for flights with federal funds are familiar with the requirement.

Freedom of Information Act (FOIA): Federal award recipients are expected to timely comply with agency requests for records in possession of the awardee. Institutions may request redaction of the information that meets the exemption criteria in the Act; otherwise, federal agencies may make all information available to the public.

Human Subject Research: All research involving human subjects must be reviewed and approved by the Institutional Review Board (IRB), also known as the Human Subjects Research Committee, prior to research initiation.

The University's Records Retention Policy: The record retention period is the period in which a record is required to be maintained in order to comply with Federal requirements and University policy. For Federal grants and contracts, the record retention period is 7 years after the final financial status report is issued, or the final period as mandated by the sponsor.

Reporting: The PI is responsible for the timely submission of all technical reports in accordance with the terms of the award and requirements of the sponsor. With the PI's input, the Accounting Office will prepare financial reports for submission to the sponsor; a financial report completed by the PI is not an official institutional report of expenditures. The OSP will review progress and narrative reports which require Authorized Official Representative review, prior to submission. Copies of all narrative reports and correspondence related to the award should be forwarded to OSP and the Accounting Office for audit documentation purposes.

Research involving live, vertebrate animals: All work involving live, vertebrate animals must be reviewed by the Institutional Animal Care and Use Committee (IACUC) prior to research initiation.

Responsible Conduct of Research: (RCR) Training: It is the responsibility of all researchers, regardless of the source of funding, to be trained in RCR and be compliant with the University's procedures.

c. Internal Grant Account Number

Based on information received from the OSP, the Accounting Office will establish a new grant fund number for each grant, which must be used for all transactions related to the award. The grant fund number is made up of a string of four sets of numbers, as follows: Index or Fund, Organization Code, Account Code, and Program Code. In order for a transaction to be posted to the grant fund number, the complete string fund number is required. The digits are represented as follows:

The Index or Fund number is six-digits and can be restricted or unrestricted. Restricted funds start with a "2".

The first three digits of the index or fund number will represent the Agency/Entity whether Federal (200-219), Local (230-240), or Private (250-270).

The next set of numbers represents the Organization or department number, which can range from four to six digits.

The Account number is usually five digits, but when entering a budget, it is only three. For example; temporary employee positions are budgeted at 608, but its expenses will be recorded under Account No. 60820. An Account number can represent revenues, expenses, receivables, payables or transfers.

The last set of numbers is three-digits and represents the Program Code.

d. New Award Notification Form

Once the Accounting Office has set up the restricted fund number, a memo will be sent electronically to the PI and any co-investigators at the University, with copies to the Director of Sponsored Programs, VP for Institutional Advancement, the departmental Administrative Coordinator, and if applicable, the Purchasing Manager, Human Resources Director, and/or Grant Accountant. This electronic notification will contain relevant grant information, including the University fund number, the sponsor award number and contact information, the approved budget, and reporting requirements.

2. GRANT ADMINISTRATION

Post-award administration and management commences when the proposal is submitted and the award is approved. This area covers numerous financial and nonfinancial policies and processes. When an institution accepts an award from an external sponsor, it agrees to certain terms and conditions and agrees to be a good steward of the external funds. Post-award administration and management is the responsibility of everyone involved in the award process, including but not limited to: the PI, department administrative staff, OSP, and Accounting Office. OSP and Accounting Office staff are available to assist PIs, faculty, and department administrative staff.

The financial management of award funds is the PI's responsibility. The authority to sign-off on expenses can be delegated to someone else, but the PI remains responsible for the management of the funds. The OSP and Accounting Office will meet with the PI to review and plan appropriate financial management of the award. This assistance can be provided in many forms such as producing easy to understand periodic reports that inform the PI of the ongoing financial status of the project, assisting with the closeout of the award, and providing appropriate information and training to the department administrative staff.

a. Order of Precedence

The below pyramid represents the order of precedence of the federal regulations for awards. The order starts from the top of the pyramid – the Federal Award itself – and flows down to the Code of Federal Regulations which is at the base of the pyramid. To determine the applicable regulation, review the Award first to determine if there is anything written into the Award that provides guidance or direction on the topic. If the Award is silent, then move down level by level as needed until the information is located. Source: obfs.uillinois.edu

b. Pre-award Cost

Some funding agencies will allow a university to incur allowable and allocable pre-award costs up to 90 calendar days prior to the award start date. Pre-award expenditures are made at the University's discretion and risk; the sponsor has no obligation to reimburse the University if an award is not subsequently made or is made for a lesser amount than expected. The University may permit the expenditure of funds within this 90-day period only for costs that are absolutely necessary for the start-up of a research project. This mechanism may not be used for the normal expenditure of funds. To request pre-award spending, the PI must contact OSP with an explanation as to why the expenditure is necessary for the effective and economical conduct of the project. Pre-award expenditures must be approved in writing by the OSP Director and the Vice President for Administration & Finance before the PI incurs or obligates the University to incur any pre-award costs.

c. Multiple Grants

Comingling of award funds is expressly prohibited. If a PI is the recipient of more than one grant award, separate restricted accounts will be established for each award. It is the responsibility of the PI to ensure that expenses and effort are charged to the appropriate award fund number and that there is no comingling of funds.

d. Tracking Expenses

PIs can view award expenditures via Banner *FGITBAL*, *FGIBDST*, *FRIGITD and FGIBVAL*. Please note that interfund cash normally has a debit balance. A credit balance shown in the interfund cash represents unreimbursed costs. For most sponsor agencies, the Accounting Office requests reimbursement of posted expenditures. Because the University uses its own operating funds first and then gets reimbursed, it is important that costs are allowable and requests for reimbursement are completed on a timely basis. Banner *FGIBDST* shows the award budget balance per fiscal year. *FRIGITD* shows fund inception to date balances. In order to determine the award balance remaining, or if any questions arise regarding activity in the grant fund, please contact the Accounting Office.

The PI is responsible for budget administration and authorizing expenses to his/her sponsored project award. The PI is responsible for verifying that each charge to the award is allowable. The PI is to review account transactions in Banner to ensure expenditures are allowable in accordance with the approved project budget and are incurred between the project's start date and expiration date. In addition, the PI should identify and resolve potential erroneous postings before the expiration date. Finally, the PI should avoid excessively incurring costs and haphazardly spending down available project funds near or at the end of the period of performance. These costs will always send out "red flags" to auditors.

e. Cost Transfers

Cost transfers and/or corrections are adjustments made by journal entry to move expenses from one index/fund to another index/fund. Cost transfers are necessary when an expense has been mischarged; cost transfers must be requested in a timely manner, adequately documented, sufficiently reviewed and approved, and in compliance with grant and University regulations. However, any time a transfer is initiated, it creates a red flag to auditors and often becomes an area of focus for auditors. For this reason, PIs should be aware of the following red flags regarding cost transfers:

Cost transfers which charge a grant toward the end of a project
Cost transfers which do not contain an adequate, detailed explanation
Cost transfers made 90 days or more after the initial entry
An excessive number of cost transfers.

PIs must monitor and review their grant activity on a regular basis so that necessary corrections can be made in a timely manner. When a cost transfer is necessary, the PI should provide all support documents to the Accounting Office so that the matter can be reviewed, approved, and recorded into the University's financial management system.

f. Time and Effort Reporting

The University uses time and effort reporting to ensure that a sponsored project is charged only for the time the employee works on the project. Employees who charge their time to more than one project must have a payroll distribution which allocates their salary and fringe benefits based on the approved allocation. PIs must certify that the payroll allocation reasonably reflects the employee's actual work. When an employee's allocation of time changes or when a grant award ends, A Change in Accounts (CIA) form must be completed and routed to the Accounting Office in order to reflect the appropriate allocation for an employee paid by a sponsored project. The Change in Account Form must be fully executed before an employee charges time to a sponsored project.

g. Direct Costs

Direct costs are those costs that can be specifically and easily identified with a particular sponsored project or activity and are allowable under the sponsoring organization's guidelines.

h. Indirect Costs

Indirect costs are those costs that are incurred for common or joint objectives and cannot be specifically and easily identified with a particular sponsored project or instructional or institutional activity. These costs are also referred to as facilities and administrative (F&A) costs. Indirect costs include expenses for depreciation of buildings and equipment, utilities, telecommunication, and insurance, as well as personnel and administrative costs associated with the OSP, the Accounting and Human Resources Offices, and information technology support personnel, for example. Thus, indirect costs are the related costs of using the University's facilities and administrative support that cannot be claimed as direct costs.

i. AllowableCosts

In accepting a federally-sponsored award, the University agrees to abide by certain federal rules and regulations regarding the use of the funds. Uniform Guidance sets forth the general criteria that educational institutions must follow in determining whether costs are allowable on federally-funded projects. Many federal sponsors also publish additional cost guidelines specific to funds awarded by their agencies, and in certain cases, an award may contain Special Terms and Conditions for a particular project. PIs must be familiar with these regulatory requirements in order to appropriately administer federally-funded sponsored projects.

All vendor discounts, credit memos, rebates and other cost adjustments must be applied to the cost of the project.

PIs, business officers, and grant administrators should be familiar with the criteria used to define allowable costs. These costs must:

- Be reasonable. A cost is reasonable if it is necessary for the performance of the project and it is in an amount deemed reasonable given the prevailing circumstance at the time the cost was incurred.
- Be allocable. A cost is allocable if it is incurred solely to advance the work of the sponsored project.
- Be treated consistently. A cost is treated consistently when it is incurred for the same purpose and treated uniformly as either a direct or indirect cost.
- Conform to any limitations/exclusions. A cost must be allowable and not designated as unallowable by regulation or project specific terms and conditions and the cost must conform to any limitations or exclusions contained in generally accepted accounting principles.

j. Unallowable Costs

There are certain activities and costs that the federal government and most private funders deem inappropriate and will not reimburse. These categories of activities and costs are referred to as unallowable.

Below is a list of activities and costs that are generally considered unallowable under the Uniform Guidance. Unallowable costs include but are not limited to the following:

- Advertising Costs
- Alcoholic Beverages
- Alumni Activities
- Bad Debt
- Commencement and Convocation Costs
- Contingency Provisions
- Costs of Criminal and Civil Proceedings
- Donations and Contributions
- Entertainment Costs
- Fines and Penalties (failure to comply with federal, state or local laws & regulations)
- Fundraising and Investment Costs
- Goods or services for personal use of university employees
- Housing and personal living expenses
- Interest
- Lobbying
- Meals, other than budgeted travel costs
- Office Supplies
- Student Activities, unless specifically provided for in the sponsored agreement
- Travel: airfare costs in excess of the customary standard commercial airfare (coach or equivalent) are not allowed except under very specific conditions such as the medical needs of the traveler. These conditions must be documented.

Because unallowable costs cannot be charged as a direct cost to a sponsored agreement, they must be promptly transferred to an appropriate unrestricted Fund within your department or organization if the cost is advertently charged to a sponsored agreement. While the University is not prohibited from incurring unallowable costs, the University needs to ensure that it does not recover these costs from Federal, local, or privately sponsored projects.

k. Program Income

It is the responsibility of the PI to notify the OSP and the Accounting Office if any income will be generated during the course of a project. Federal Regulations define program income as "gross income earned by a recipient that is directly generated by a sponsored activity or earned as a result of the award." Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. *Interest earned* on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income *does not* include rebates, credits, discounts, and interest earned on any of them. Program income will be accounted for in specific ways, depending on the sponsor's policies and any applicable regulations. Regardless of the method used, program income may be used only for allowable costs in accordance with the applicable cost principles and the terms and conditions of the award. The Accounting Office will set up a separate account to handle any anticipated program income.

l. Cost Sharing

Cost Sharing is that portion of a sponsored project's costs that are not borne by the sponsor, and thus become the responsibility of the University. Cost sharing can either be required by a sponsor or as a condition of the award (mandatory) or it can be voluntarily pledged when it is not a sponsor requirement. Cost sharing contained in an approved and funded sponsored project, whether mandatory or voluntary, becomes a binding commitment by the University. Once a cost sharing commitment has been made, the University must accurately document and report to the sponsor that the cost share commitment has been met.

Cost sharing expenses must be:

- reasonable, allowable, allocable and consistently treated under applicable federal cost principles,
- incurred during the effective dates of the grant
- verifiable from official University records, and
- excluded as contributions for any other federally assisted project.

m. Supplement vs Supplanting

"Supplement" means to "build upon" or "add to"; "supplant" means to "replace" or "take the place of." Federal law prohibits recipients of Federal funds from replacing state, local, or agency funds with Federal funds. You may *not* use funds to implement and maintain a core program, but you may use funds to supplement (enhance) a core program. There are penalties for supplanting, which can include suspension of future funds for the particular program where the violation occurred, suspension or debarment from all federal grants, repaying the money awarded from the grant and other civil penalties. In some cases, there may even be criminal penalties.

n. Cost Overruns

As the PI, you are responsible for not exceeding the award budget. If cost overruns occur, they must be corrected during the course of the project. In the absence of other sources of funding that the PI can identify, the respective department budget will be charged for any cost overruns. No additional costs may be incurred before obtaining the appropriate budgetary approvals.

o. Changes to Project and/or Budget

After the award is made, sometimes unforeseeable circumstances occur that require changes to the project scope and/or the approved budget. Please contact OSP if you need to request an extension of time on your project, and please contact the Accounting Office if you need to make a change to your approved budget.

1. No-Cost Extensions: Most sponsoring agencies allow a one-time extension of the award expiration date if more time is required to complete the project. If additional time is needed, the PI should provide the OSP with a written justification at least 60 days in advance of the project expiration date. Please note that extension requests must be made for programmatic reasons, and not simply because there are remaining funds available for expenditure. Because the no cost extension is an amendment to the award agreement, it must be formally submitted to the sponsoring agency for approval.

2. Mandatory Prior Approvals: Some modifications require approval by the sponsor before any change is made. The specific events requiring prior approval are dependent upon the applicable guidelines and the award's special terms and conditions, but generally the following circumstances require that the PI work through the OSP to obtain prior sponsor approval. This list is not exhaustive.

   - *Significant Change of Effort by, or Absence of, PI*
     Under the Uniform Guidance (200.308) prior sponsor approval must be obtained from the federal agency if a PI will be "disengaged" from the project for more than three months, or if there is a 25 percent reduction in the time the PI devotes to the project.
   - *Participant Support:*
     The transfer of funds budgeted for participant support costs to other categories of expense requires prior approval from the federal sponsor. See 200.308(c)(5).
   - *Re-budgeting Cost Sharing:*
     Committed cost share must be delivered for the purpose for which it was promised. If any change in the amount or purpose of the promised cost sharing is anticipated, it will be necessary to obtain the prior approval of the federal sponsor before re-budgeting. See 200.308(c)(7).

p. Communications with the Sponsor

Communications between the University and the sponsor relative to financial management of projects are to be coordinated through the OSP and the Accounting Office. Most times, the sponsor agency, as in the case of the federal government, has program officers who handle scientific, funding, and programmatic matters and grants management specialists that deal with business and policy issues. At the University level, OSP and Accounting take on those roles. However, there may be some awards where more specific, detailed information is required than is provided centrally. This includes, but is not limited to, negotiation of project terms or amounts, invoicing, budget revisions, interpretation of award language or any events which may require formal approval of the College/School or sponsor.

q. Award Closeout

The award closeout is a critical piece in the life cycle of an award. Awards are considered closed when all the work has been performed to the sponsor's satisfaction or upon the termination date specified in the award. Preparation for closeout should begin 90 days prior to the end date of the award and concludes 90 days after the award end date. Closeout activities include but are not limited to:

- determining if a no cost extension is needed, and if so, coordinating the extension request with OSP.
- undertaking a final review of all expenditures to ensure that all costs claimed against the grant are reasonable, allowable, allocable, and necessary.
- Preparing and submitting financial and programmatic reports.
- Closing out the award in the financial management system.
- Storing and maintaining award files in accordance with the records retention schedule.

r. Invention Disclosure

Invention disclosure is critically important for all projects, especially where any portion of the funding comes from the Federal government, private foundation, or commercial sponsor. Prompt disclosure is required, although the method of disclosure may vary depending on the sponsor. PIs should work with the OSP to determine exact requirements.

s. Residual funds

Residual funds or unspent funds on sponsored projects occur when the receipt of revenue or cash from a sponsor exceeds the costs identified and incurred on the project. Since the majority of sponsored projects received by the University are cost reimbursable from a financial accounting perspective, these residual funds on sponsored projects must be returned to the sponsor unless otherwise instructed by the sponsor.

t. Pass-through Entity

A pass-through entity is a nonfederal organization that receives federal funds and passes a portion of the funds on to a subrecipient to perform a portion of the approved scope of work. The best way to think of this process is with an analogy of "bush tea". In this scenario, there is a *teapot*, a *strainer* and a *teacup*. The teapot is the federal agency, the strainer is the pass-through entity, and the teacup is the subrecipient. A portion of the tea in the pot is poured into the teacup, but it is first passed through the strainer. As such, the pass-through entity (the strainer) is responsible for implementing, monitoring and evaluating the portion of the work provided to the subrecipient.

3. FINANCIAL REQUIREMENTS AND PAYMENTS

a. Federal Funds Payment and Cash Management

The purpose of these guidelines is to provide timely and accurate application of remittances for sponsored programs made to the University. The Accounting Office manages the cash-related activities, maintaining appropriate cash flow for the University's sponsored programs while ensuring financial compliance with Federal regulations, sponsor requirements, and University policies.

b. Personnel Costs

Personnel are a key element of most awards. Specific personnel and their qualifications may have been identified in the proposal narrative, or the narrative may have described the responsibilities of a sponsored project-funded position to be filled upon receipt of the award. In some cases, the personnel are current University employees whose duties will be expanded or cost-shared, and in other cases, the personnel are new hires that will be employed by the University and specifically assigned to the sponsored project. Many sponsored project budgets include funds for PI stipends, hiring students, and/or hiring additional personnel.

1. *Institutional Base Salary*: The University defines Institutional Base Salary (IBS) as "the annual compensation paid by the University for an employee's appointment. The IBS includes regular salary and may include any additional assignments, such as department chair. The IBS does not include bonuses or one-time payments. The amount of an employee's IBS shall be described in their appointment letter, and thereafter in annual salary letters or amendments to such letters."

2. *Salary Limitation:* The University limits supplemental compensation from all sponsored projects to no more than two months of IBS in any one year; this is based on effort expended on a sponsored project outside of the employment appointment.

3. *Time and Effort reporting:* Sponsored project funded employees receiving any compensation from federal grants are required to comply with the University's Time and Effort Certification policy and processes.

4. *Sponsored Project Funded Employees*
The employment of personnel hired with sponsored project funds is limited to the duration of the award, or contingent upon continued funding. As the hiring supervisor, the PI has the responsibility to select the best-qualified candidate while adhering to all applicable laws and regulations. University employment policies and procedures apply, including but not limited to regular performance reviews. All employees must comply with University policies and processes.

c. *Procurement*

The University's Purchasing Office works closely with the Accounting Office to provide timely and efficient procurement of quality goods and services at reasonable prices for the various academic, administrative, and research departments at the University. The Purchasing Office maintains reliable sources of supply, obtains competitive bids, negotiates contracts, consolidates University purchases when possible, and issues purchase orders to vendors and manages the procurement card program.

The Federal government imposes a set of standards for the acquisition of supplies, equipment and real property purchased with Federal funds. Procurement procedures must comply with the standards imposed by the Uniform Guidance.

Guidelines for purchases:

i. All purchases must be in compliance with the University's Financial Policies. In addition, no employee, officer, or agent of the University shall participate in the procurement of goods and equipment supported by grant funds (whether Federal or private) if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of these parties, has a financial or other interest in the firm selected for an award or purchase. The officers, employees, and agents of the University shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or contractors.

ii. Federal funds may not be used to pay for goods or services procured from entities who are debarred, suspended, or otherwise excluded from or ineligible for participation in Federally funded programs or activities. The Purchasing Office verifies that all new vendors are not included in the exclusion list of debarred or suspended entities available on sam.gov.

d. Other Types of Expenses

1. Payments to independent contractors for services - An IRS Form W-9 is required in order to pay independent contractors, as well as completion of an Independent Contractor Form available from the Human Resources Director.

2. Travel - Sponsored project funded travel must comply with sponsor and University travel policies and guidelines. The terms stipulated by the funding source will take precedence if they are more restrictive than University policy.

3. Computer Hardware and Software Purchases – The University's Information Services and Institutional Assessment (IS&IA) component is able to recommend standard equipment and offer advice on the purchase of computers and computer related products to students, staff and faculty. Before making a purchase of computer hardware or software, please consult with IS&IA representatives via the helpdesk to ensure that the specific items you need are currently supported, and that networking is available if applicable. A link to the Helpdesk is available in the Resources section of this Manual.

e. Capital Equipment

Capital equipment is defined by the Federal government as "tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit." All costs associated with making the asset serviceable can be capitalized. The capitalization threshold for the University is $2,500.

Equipment acquired with external support becomes the property of the University unless restricted by the sponsor.

i. PI Responsibilities: PIs are required to ensure the proper receipt of the equipment, track equipment, participate in inventories and notify the Purchasing Office with regard to condition, location, loss, disposition of, or damage to equipment. The PIs establish maintenance procedures and records and are responsible for the operational condition of the equipment. This also includes the PI obtaining prior approval from sponsor agency for equipment purchases, as necessary.

ii. Insurance: Real property and equipment acquired with sponsored project funds will be insured at levels consistent with other University property and equipment. The Administration and Finance component is responsible for maintaining adequate insurance.

iii. Record Keeping: The University maintains records including description, serial number, source of funding (including the Federal Award Identification Number, or FAIN), percentage of federal participation in the project costs for the award under which the property was acquired, acquisition date and cost, location, use and condition status, and disposition data. This information should be maintained by the Purchasing Office as well as stored in the University's Financial Management System.

iv. Inventory: The Purchasing Office tags assets at the time of acquisition. It also performs a physical inventory of equipment purchased with sponsored project funds every two years to verify existence, condition, and accuracy of records.

v. Disposal: If an item purchased with sponsored project funds is determined to be obsolete, and the item's value exceeds $5,000, disposition rules must be followed. This may include requesting disposition instructions from the sponsor. Possible disposition practices may require compensating the sponsor for its proportion of the original cost applied to the fair market value. Additional information regarding the disposition of obsolete property can be found in the University's Financial Policies.

f. Ownership of Items Purchased with Grant Funds

Sponsored projects are awarded to the University, and not to individual PIs. As such, items and equipment purchased with sponsored project funds belong to the University. All institutional policies regarding capital equipment, purchasing, and procurement apply.

g. Subcontracts and Sub-recipients

Regardless of the funding agency, the University follows the same process for initiating and monitoring sub-awardees.

Sub recipient monitoring is a joint effort between the PI, Accounting Office and OSP, with each entity having a specific role. PI/Co-PI or designee is the primary contact for questions, concerns, or technical assistance, and is responsible for: monitoring periodic progress reports submitted by the sub-recipient in a timely manner and reviewing invoices from the sub-recipients for compliance with the terms of the sub-agreement. The Accounting Office reviews and approves for payment all sub-recipient invoices after the PI/Co-PI and department review and approval of each invoice has been performed. The Accounting Office may request detailed support for selected incurred costs to verify their appropriateness and reasonableness. OSP ensures that subrecipient organizations undergo an annual external audit, as applicable, or that the organization has adequate internal controls to participate in sponsored programs. More detailed information can be found in the Sub-recipient monitoring Policy.

A sub-award is an agreement with a third-party organization performing a portion of a University research project or program. The terms of the relationship are influenced by the prime agreement, and all sub-awards must be monitored to ensure that the sub-recipient complies with these terms. A sub-award is more than a handshake between two individuals. When the University receives an award from an external sponsor, the sponsor oftentimes indicates the terms and conditions that the University must pass on to any sub-recipient partners involved in the project.

Sponsor approval is required if another party performs any part of the funded project, whenever the work was not a part of the original proposal to the external sponsor, was not part of the approved award, and/or if the proposed sub-recipient or subcontractor will change for any reason. This process should be initiated by the PI by contacting OSP.

Once an agreement with a sub-recipient or contractor has been approved and fully executed, it must be monitored throughout its life. This is the shared responsibility of the PI, OSP and Accounting Office.

4. GLOSSARY

- **Accounting Office** – The University's Accounting Office includes the Controller, the Director of Accounting for Operations (accounts receivable, accounts payable, bank reconciliations and payroll), the Director of Accounting for Grants and Contracts, and other staff. The Office is primarily responsible for accounting services, financial reporting, tax reporting, payroll processing, finance-related post award grants management, and audit coordination.

- **Award** – A grant, cooperative agreement, cost reimbursement contract, or other agreement between a sponsor and the University which sets forth the terms and conditions of the award.

- **Award Start Date -** Official date an award begins; same as the first day of the first budget period.

- **Budget -** The financial plan for the project or program that the sponsor or pass-through entity approves during the award process or in subsequent amendments to the award. It may include the sponsor and University cost share or only the sponsor share, as determined by the sponsor or pass-through entity.

- **Budget Period -** The intervals of time (usually 12 months each) into which a project period is divided for budgetary and funding purposes.

- **Carryover -** Unobligated funds remaining at the end of any budget period that, with the approval of the Grants Management Officer or Contract Office or under an automatic authority, may be carried forward to another budget period to cover allowable costs of that budget period (whether as an offset or additional authorization). Obligated, but unliquidated, funds are not considered carryover.

- **Closeout -** The process by which the sponsor or pass-through entity determines that all applicable administrative actions and all required work of the award have been completed and takes actions as described in § 200.343 Closeout of the Uniform Guidance.

- **Cost Sharing -** Cost Sharing or matching means that portion of project or program costs not borne by the Federal Government for federal awards. There are three types of cost sharing to be followed: 1) mandatory cost sharing 2) voluntary committed cost sharing and 3) voluntary uncommitted cost sharing. "Mandatory cost sharing" represents the portion of project costs not paid by the sponsor and are required as a condition of the award. Mandatory cost sharing must be tracked and reported. “Voluntary committed cost sharing” represents resources offered on a voluntary basis and specifically included in the award budget. Voluntary committed cost sharing must be tracked and reported. “Voluntary uncommitted cost sharing” refers to any effort or resources contributed to the sponsored project that are not required by the sponsor or included in the award budget. Voluntary uncommitted cost sharing does not need to be tracked or reported.

- **Cost Transfer -** A cost transfer is an after-the-fact journal entry reallocation of an expense, labor or non-labor costs, after the expense was initially charged to another account.

- **Data Universal Numbering System (DUNS) Number -** The nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify entities. A non-Federal entity is required to have a DUNS number in order to apply for, receive, and report on a Federal award. The University’s number is 090003765.

- **Debarment and Suspension -** The actions taken by a debarring official in accordance with OMB guidance at 2 CFR 180, "Non-procurement Debarment and Suspension," as implemented by HHS in 2 CFR 376, to exclude a person or organization from participating in grants and other non-procurement awards government-wide. If debarred or suspended, the person or organization may not receive financial assistance (under a grant, cooperative agreement, or subaward, or contract under a grant) for a specified period of time. Debarments and suspensions carried out pursuant to 2 CFR 376 are distinct from post-award suspension action by an awarding agency.

- **Equipment -** Tangible nonexpendable personal property with an acquisition cost greater than $5,000 and expected useful life greater than one year. At UVI, the threshold is $2,500.

- **Expenditure Report** - Means: (1) For non-construction grants, the SF-425 Federal Financial Report (FFR) (or other OMB-approved equivalent report); (2) for construction grants, the SF-271 "Outlay Report and Request for Reimbursement" (or other OMB-approved equivalent report).

- **Facilities & Administration (F&A) Costs (*also known* as *indirect cost*) -** General business expenses that are not specifically identifiable to a sponsored project, but rather support the project indirectly. These costs are also known as indirect costs. See also *Indirect Costs.*

- **Federal award identification number (FAIN) -** The award number or other unique identifying number assigned by the Federal awarding agency, such as the federal grant number.

- **Federal Demonstration Partnership (FDP) -** The Federal Demonstration Partnership is a cooperative initiative among specified federal agencies and institutional recipients of federal funds. The FDP is a unique forum for individuals from universities and nonprofits to work collaboratively with federal agency officials to improve the national research enterprise.

- **Funding Period -**The period of time when federal funding is available for obligation by the recipient.

- **Financial Conflict of Interest (FCOI) -** A Significant Financial Interest that the University reasonably determines could directly and significantly affect the design, conduct or reporting of the externally sponsored research.

- **Grants Management Specialist** or Contract Specialist- An official staff member of the Federal government who oversees the business and other non-programmatic aspects of one or more grants, cooperative agreements, and/or contracts. These activities include, but are not limited to, evaluating applications for administrative content and compliance with statutes, regulations, and guidelines; negotiating awards; providing consultation and technical assistance to awardees; and administering awards.

- **Indirect Costs** (also known as Facilities & Administrative Expenses) - Costs that are not directly accountable to a specific cost object (including but not limited to a particular project, facility, function or product).

- **Institutional Advancement** (IA) supports, encourages and promotes the University's academic mission, vision and philanthropic goals. IA nurtures life-long connections, fosters relationships with students, alumni, community and other constituents, and provides communications support and public visibility. It manages University relationships with corporate and foundation donors, ensures proper and strategic submission of grant proposals in accordance with institutional priorities, and stewards gifts.

- **Institutional Animal Care and Use Committee (IACUC) -** Committee which provides oversight and ensures appropriate review of the use of animals in teaching, testing, and research. An animal's acquisition, care, use, and disposal must be in compliance with federal, state, and local laws and regulations.

- **Institutional Review Board (IRB) -** A specially constituted review body established or designated to protect the welfare of human subjects recruited to participate in biomedical or behavioral research.

- **Liquidation Period** - Under Department regulations, a grantee must **liquidate** (or make final payment on) all obligations incurred under an award not later than 90 days after the end of the funding **period**. 34 CFR 80.23(b). The Department may extend this deadline at the request of the grantee.

- **No-cost extension (NCE) -** Extends the project period beyond the original project end date with no additional funding. May be requested when specified conditions are met.

- **Non-Federal Entity -** A state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out an award as a recipient or subrecipient.

- **Office of Sponsored Programs** – The Office of Sponsored Programs (OSP) provides resources for faculty, staff, and students pursuing research opportunities. The Office identifies and pursues new research opportunities; reviews and negotiates awards and agreements; provides proposal development and review services and proposal submission and post award grants management; monitors the University's compliance with Federal, local, and institutional regulations; and provides training programs related to sponsored research.

- **Pass-Through Entity -** Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a sponsored project.

- **Pass-Through Funding** - Funds issued by a sponsor to a state agency or institution that are then transferred to other state agencies, units of local government, or other eligible groups per the award eligibility terms. The state agency or institution is referred to as the "prime recipient" of the pass-through funds. The secondary recipients are referred to as "subrecipients." The prime recipient issues the subawards as competitive or noncompetitive as dictated by the prime award terms and authorizing legislation.

- **Period of Performance -** The time during which the award recipient will complete the proposed work and may incur new obligations to carry out the work authorized under the award. The sponsor or pass-through entity must include start and end dates of the period of performance in the award.

- **Principal Investigator (PI) -** The primary individual responsible and accountable for the preparation, proper conduct, and administration of the project or program, including the submission of all required reports. The PI has the appropriate level of authority and responsibility to direct the project or program supported by the grant and is responsible for leading and directing the project, intellectually and logistically.

- **Program/Project Officer -** The sponsor agency's official responsible for the programmatic, scientific, and/or technical aspects of a grant.

- **Project Director (PD) -** A project's point person, managing resources and overseeing finances to ensure that the project progresses on time and on budget. Sometimes used interchangeably with Principal Investigator.

- **Project Period** - The total time for which Federal support of a project has been programmatically approved as shown in the award; however, it does not constitute a commitment by the sponsor to fund the entire period. The total project period comprises the initial competitive segment, any subsequent competitive segment(s) resulting from a renewal award(s), and extensions.

- **Responsible Conduct of Research (RCR) -** The highest standards of excellence and integrity in all research and scholarly endeavors.

- **System for Award Management (SAM) - S**AM validates applicant information and electronically shares the secure and encrypted data with the Federal agencies' finance offices to facilitate paperless payments through Electronic Funds Transfer (EFT). SAM stores your organizational information, allowing Grants.gov to verify your identity and to pre-fill organizational information on your sponsored project applications.

- **Senior Personnel -** The PI and any other person identified by the PI, in the sponsored project application, progress report, or any other report submitted to the sponsor and is responsible for the design, conduct, or reporting of the research. All of the following may be considered Senior/Key Personnel, to the extent they are independently responsible for the design, conduct, or reporting of the research: professorial faculty, research associates, emeritus faculty, sub-recipient personnel, postdoctoral research associates, research collaborators, visiting scientists, individuals with courtesy appointments, as well undergraduate, graduate and post-doctoral students. The term does not commonly apply to departmental research administrators or research administrative professionals.

- **Subcontract -** A formal agreement between the University and another organization by which responsibility to perform a sizable portion of the work is transferred from the University to a third party.

- **Sub-recipient -** A non-federal entity that receives a sub-award from the University to carry out a portion of the project work as specified in the proposal. The sub-recipient will participate in decision making and in determining the direction of the project, and will participate in and contribute to the final products and/or report.

- **Third-Party In-Kind Contributions -** Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that- (a) Benefit a federally assisted project or program; and (b) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under an award.

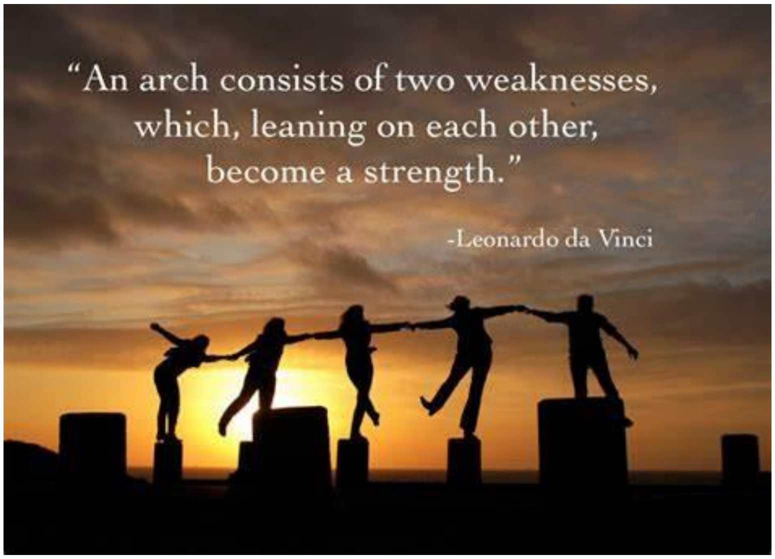
- **Taxpayer Identification Number** (TIN) is an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. The University's number is 66-0432514.

- **Time and Effort Reporting -** Certification of effort to document salaries charged to federally sponsored projects.

5. RESOURCES

- Financial Policies
- HR Policy Manual
- Conflict of Interest Policy
- Change in Accounts Form
- UVI Helpdesk
- OSP Policies and Procedures
- UVI Regulations and Policies
- Uniform Guidance 2 CFR 200:

WE ARE HERE TO HELP



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