

AUBURN UNIVERSITY AT MONTGOMERY



PRINCIPAL INVESTIGATOR (PI)

HANDBOOK

OFFICE OF SPONSORED PROGRAMS & RESEARCH (OSPR)

Last Updated: August 2025

Acknowledgement:

The Office of Sponsored Programs and Research sincerely thank the Provost Office and all colleagues who read this document in part or in its entirety to provide valuable comments and recommendations.

Disclaimer:

This PI Handbook is for informational and training purposes only, and its content does not supersede AUM policies or sponsors' terms and conditions governing the administration of the sponsored awards. Please send questions or concerns to sponsoredprograms@aum.edu.

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Introduction

Congratulations! You have taken the initial step toward seeking funding in support of your innovative and exploratory concepts. Your ideas and work can enhance the academic, commercial, and social communities locally, nationally, or even internationally.

The Principal Investigator Handbook is published by the Office of Sponsored Programs and Research (OSPR) located at:

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Library Tower

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OSPR is the administrative unit charged with the responsibility of managing and coordinating all research and research-related activities at the University. OSPR serves as the central unit for externally sponsored research activities and sponsored programs. OSPR monitors, processes, and facilitates the evaluation of all sponsored research projects to ensure consistency with institutional goals, policies, and procedures.

Auburn University at Montgomery requires every application for a sponsored project initiated by an employee of the University be submitted by the institution. The institutional reviews, approvals and authorization of each proposal is critically important because the reputation of the University can be affected.

The purpose of this handbook is to assist the Auburn University at Montgomery community with the administrative aspects of sponsored projects. The PI Handbook

provides pertinent information on federal regulations, state guidelines, and the University policies. Information relative to pre-award processes are included, as well.

Definition of Principal Investigator (PI)

Serving in the role of Principal Investigator on a sponsored project is a privilege granted to certain individuals associated with Auburn University at Montgomery that carries with it important responsibilities. The Principal Investigator is the individual or individuals bearing primary responsibility for all essential aspects of the work being carried out, including technical aspects and completion of programmatic work, compliance with government, sponsors, and university policies and regulations, fiscal stewardship of sponsored funds, and all administrative requirements of the project. To fulfill these responsibilities, the Principal Investigator must, therefore, commit a reasonable amount of time consistent with the scope of work and with the proposal submitted to the sponsoring agency.

What is a Sponsored Program?

A sponsored program is any activity that receives *restricted* external funding. External organizations may include government agencies, foundations, nonprofits, universities, and private sector companies and organizations. The funding restrictions are the obligations and terms set in the project description of the proposal or agreement. Some conditions that are typically included in a sponsored project are:

- A defined purpose and scope of work
- A specified period of performance
- Limited funding

- Fiscal accountability and/or administrative reporting to account for expenses
- Deliverables, such as a final technical report
- Possible restrictions on ongoing usage of purchased property

Types of Sponsored Programs

Sponsored programs are generally categorized into one of five groups of university functions:

Research

- All research and development activities that are separately budgeted and accounted for; this includes activities involving the training of individuals in research techniques.

Instruction

- The teaching and training activities of the university except for research training. Examples include curriculum development or teaching/training for non-research purposes.

Equipment

- The acquisition of pieces of equipment (valued over \$5,000)

Public Service/Outreach

- These activities include community service programs, health service programs, or anything that heavily involves education the community about a cause.

Other

- All other activities that do not fit in the above categories.

Types of Funding

Contracts

- A mechanism for procuring products or services with specific obligations for both sponsors and recipients.
- Typically, a research topic and the methods for conducting the research are specified in detail by the sponsors, although some sponsors award contracts in response to unsolicited proposals.
- A legally binding document.

Grants

- A type of financial assistance awarded to an organization to conduct research or other programs as specified in an approved proposal.
- A grant, as opposed to a cooperative agreement, is used whenever the awarding office anticipates no substantial programmatic involvement with the recipient during the performance of the activities.

Cooperative Agreement

- A funding arrangement in which the sponsor's staff may be involved in proposal preparation and anticipates having substantial involvement in research activities after the award has been made.

Gifts and Charitable Contributions

A gift is defined as any item of value given to the University by a donor who expects nothing significant of value in return other than recognition and disposition of the gift in accordance with the donor's wishes. In general, a gift has no contractual requirements and no expectation of deliverables or rights in property or data. While there may be restrictions or minimal conditions associated with a gift, generally, there should be no specific period for incurring costs, and there should be no requirement to return unexpended funds. The University has designated the Office of Advancement as the official recipient of gifts to Auburn University at Montgomery. Gift deposits should be processed through Auburn University at Montgomery Office of Advancement see website for additional information <https://www.aum.edu/alumni-giving/ways-to-give/> or by phone at (334) 244-3560 or email development@aum.edu.

Principal Investigator Eligibility

When Auburn University at Montgomery submits proposals to external sponsors and accepts awards for sponsored projects, the University assumes significant financial and obligations. Sponsors fund projects based on the professional expertise of the Principal Investigator (PIs) submitting proposals; however, the formal award is made in the name of Auburn University at Montgomery. Under the general oversight and authority of Auburn University at Montgomery the Principal Investigator of a sponsored project is the individual who bears primary responsibility for technical compliance, completion of programmatic work, fiscal stewardship of sponsor funds, and compliance with administrative requirements of the project. Thus, the university must ensure that individuals serving in the capacity of Principal Investigator have the technical competence and administrative capabilities to carry out a sponsored project. The following Statement of Principal

Investigator Eligibility provides institutional requirements for who may serve as a Principal Investigator on an externally sponsored project at Auburn University at Montgomery.

Category 1: Any individual who holds one of the following positions may be identified as a principal Investigator for sponsored activities:

- Tenure track faculty (Assistant Professor, Associate Professor, Librarian II-IV and Archivist II-IV)
- Non-tenure-track faculty (Assistant Research Professor, Associate Research Professor and Research Professor, Principal Research Scientist, and extension faculty (Assistant Director, Associate Director, Extension Specialist, Regional Extension Agent and County Extension Coordinator)
- Clinical Professors (Assistant Clinical Professor, Associate Clinical Professor and Clinical Professor)
- Research Fellow IV, and above
- Director of a formal university Institute or Center

Category 2: If the Department Head and Dean or Extension Director are confident in the abilities of an individual, authorizing signature on the proposal cover Form will serve to approve one of the persons listed below to serve as a Sole Principal Investigator on an externally sponsored project at Auburn University at Montgomery. Alternatively, any individual listed below may be identified as a Principal Investigator for sponsored activities if one of the individuals listed in Category 1 is also named as a Co-Principal Investigator on the project:

- Emeritus faculty
- Curators
- Archivist I
- Librarian I

- Clinical Lecturers and other clinical positions not in Category 1
- Lecturers and Senior Lecturers
- County Extension

Category 3: Any individual who holds one of the following positions may be identified as a Principal Investigator for sponsored activities only if one of the individuals listed in Category 1 is also named a Co-Principal Investigator on the project:

- Instructors
- Adjunct/Affiliate faculty
- Resident
- Research Fellow
- Postdoctoral Fellow

On a case-by-case basis, the Department Head and Dean or Extension Director of the performing unit can name other individuals (not identified in the categories, above) to serve as a Principal Investigator. In these cases, approval of the Provost is required.

There are some cases when funding is available to support general research-related efforts but is not tied to a specific research program. In rare circumstances in which an Auburn University at Montgomery employee wishes to serve as a PI but does not meet the eligibility criteria set forth above, approval of the Provost is required.

In some cases, a sponsoring agency may have restrictions for who may serve as a Principal Investigator on a particular project or program that are more stringent than Auburn University at Montgomery PI eligibility guidelines. In these cases, the sponsor's requirements will take precedence over institutional guidelines for that particular project. In the case where a sponsor may require, allow, or expect an individual to serve as a Principal Investigator who, under normal Auburn University

at Montgomery guidelines would otherwise not be eligible, the individual will have a tenure track faculty member serve as a Co-Principal Investigator for the internal purposes and assume responsibility for compliance with sponsor and institutional requirements. Fellowships or other training awards are examples where sponsor and institutional requirements may conflict.

Furthermore, it is recognized that the definition of the term “Principal Investigator” may vary across different regulatory documents, e.g., Institutional Animal Care and Use Committee (IACUC) or Institutional Review Board (IRB). In these cases, the regulating body (e.g., IACUC, IRB) determines PI eligibility. The individual with the ultimate administrative and fiduciary responsibility of the project (regardless of the title that is actually used) is expected to fulfill the role of Principal Investigator (i.e., the PI bears primary responsibility for technical compliance, completion of programmatic work, fiscal stewardship of sponsor funds, and compliance with administrative requirements of the project)

Individuals allowed to serve as Principal Investigators on sponsored activities are expected to comply with the Auburn University at Montgomery Principal Investigator Handbook. Nothing in this statement is intended to conflict with policies described in other documents. Questions of possible conflicting statements will be addressed to the Director of Sponsored Programs and Research for clarification.

The Proposal Process

Proposal Development

The Office of Sponsored Programs and Research assist faculty and staff in the broad aspects of proposal development for their research, scholarly, and creative programs.

Identifying Sources of Funding

PIVOT

PIVOT is the leading Internet site for the global R&D community at more than 1,600 universities, corporations, and government agencies worldwide. PIVOT provides tools and services that enable these professionals to communicate, exchange information, and find the people and technologies supporting their research interest. AUM faculty, staff, and students can use PIVOT Web-based products and services to promote their work, find funding, access experts, consult, and collaborate with colleagues.

AUM has a subscription through Auburn University to PIVOT and you can access this service from any University computer. For more information regarding PIVOT or questions regarding access, please contact OSPR.

Grants.gov

Current program announcements for all federal financial assistance opportunities can be found on Grants.gov, the federal government's portal for Electronic Research Administration. Access <http://www.grants.gov> to search for federal funding opportunities. AUM is already registered as an institution and manages the Authorized Organizational Representative (AOR) role. Individual faculty and

administrators can request a workspace manager profile within Workspace to create proposals.

SAM.gov

Federal Contracting opportunities are available with the SAM.gov under the Contract Opportunities heading. Organizations within the federal government publish notices on proposed contract actions valued over \$25,000. These notices cover announcements through official solicitations in the pre-award process. Anyone interested in doing business with the government can use this system to research active opportunities.

The Proposal

A proposal is a request for financial support for a project. Generally, a proposal consists of a technical section and a budget section.

Types of Proposals

Pre-proposal

A pre-proposal (sometimes called a white paper, letter proposal, letter of intent, preliminary proposal, or concept paper) is a short description of the propose project. Usually, the purpose of a pre-proposal is to inform and interest the potential sponsor in the project, resulting in a request for s more detailed formal proposal.

Solicited proposals must be routed through the University proposal routing process prior to submitting the proposal to the sponsor.

Solicited Proposal

Sponsors solicit formal proposals by publishing specific program announcements, these solicitations are often called Request for Proposals (RFPs), Funding Opportunity Announcements (FOAs), Broad Agency Announcements (BAAs), etc. Researchers responding to the program announcement write the proposal to meet the sponsor's program guidelines. Deadlines may recur annually or several times a year.

A response to a Request for Proposal (RFP) is one type of solicited proposal. Most RFP's have a stated deadline and are one-time solicitations for specific needs of the sponsor, not expected to recur. The proposed project must respond to the specific work statement in the Request for Proposal.

Solicited proposals must be routed through the University proposal routing process prior to submitting the proposal to the sponsor.

Renewal and Continuation Proposals

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

Noncompeting continuation

Noncompeting continuation proposals, which request the next year's funding within a multi-year grant, generally consist of a progress report, budget, and other relevant materials such as research results, reprints, vitae for new personnel, etc. they sometimes include a financial status report showing the unobligated balance for the current year,

Limited Solicitations

Occasionally, sponsors announce program funding opportunities limiting the number of proposals that may be submitted by each institution/applicant. Faculty interested in submitting proposals should contact OSPR. The primary criterion for selecting proposals is the relevance to the program selection criteria and the potential for successfully competing in the sponsor's competitive process. Faculty whose pre-proposals are selected as the institutional submission will be notified and must then prepare a complete application to submit to the sponsor.

Proposal Preparation

The format or presentation of a particular proposal will depend on the requirements of the sponsor. Most sponsors have developed policies and procedures for the submission of proposals and may require the use of specific application forms or electronic web-based systems. Many also have page limitations, particularly on the narrative portion. It is crucial to meet all requirements. Applications not conforming to sponsor formatting requirements may jeopardize the proposal's success. Principal Investigators should obtain the most recent version of the sponsor's application guidelines and should follow the required proposal format. Guidelines or URLs should be forwarded to the OSPR, along with application for review, well in advance of the due date of the proposal, to facilitate timely internal review and approvals. Successful proposal development is a team effort that involves cooperation among Faculty colleagues and the administrative staff of the University. The OSPR team will provide assistance in proposal development and interpretation of guidelines from funding agencies. The OSPR team assists in drafting or editing portions of the proposal text as requested. In addition, the OSPR team assists in the completion of sponsors' forms, provides guidance on budgetary issues, and obtains the signature of the institutional authorized organizational representative (AOR) as required. OSPR

reserves the right to withdraw the application if the terms of the grantor do not meet AUM's standards, policies, or guidelines.

When you have identified an opportunity that you intend to pursue, it is important to initiate with the Office of Sponsored Programs and Research, the proposal development process may take two to three months or longer to meet an expected due date. Revised applications and renewals usually take less time, but still a major effort and should not be underestimated.

Note: the OSPR cannot guarantee submission of a proposal by a deadline, unless sufficient time is provided for the internal review and approval process.

Components of a Proposal

Most proposals, regardless of sponsor, contain the following information:

- Title Page (Application Page)
- Abstract
- Table of Contents
- Introduction or Background
- Technical Description
 - Past work in the area
 - Objectives of proposed research
 - Methodology
 - Significance
 - List of references cited
- Personnel
- Current and Pending Support
- Facilities, Equipment, and Other Resources
- Budget
- Budget Justification
- Vitae

- Other Appendices

The Title Page

The title page includes the following information:

- Project title
- Identification of the sponsor's program (RFP or other identifying number)
- Name and address of sponsor
- Name and address of the University
- Proposed start date and end date
- Amount requested
- Signatures of the Principal Investigator and the Director for Sponsored Programs and Research

Abstract

The abstract is a condensed version of the proposal, written in a non-technical language, usually less than 250 words. It should concisely state the significance of the project, what will be accomplished, how it will be accomplished, and the proposed period of performance. The abstract, which is normally the first section read by a reviewer, is vital in creating a favorable first impression. Proposal writers often write the abstract last.

Introduction or Background

Some RFP's may request a general description of the University. The University web site provides a brief description and other general information.

Technical Description

The most important element in the proposal is the definition of the objectives and scope of the project. Consider the amount of requested support and define the objectives and scope accordingly. The risk in defining the scope and objectives too broadly is that it might not be possible to complete the project at the awarded level of funding. If the scope and objectives are defined too narrowly, the investigator(s) runs the risk of project activities being deemed “outside of the proposed scope.” In either case, the scope must be clear enough to define the responsibilities of the Investigator(s) and the funding obligations of the sponsor.

Patentable ideas, trade secrets, privileged or confidential commercial or financial information, disclosure of which may harm the proposer, should be included in proposals **only** when such information is necessary to convey an understanding of the proposed project. An initial conversation with the Director of Sponsored Program and Research is warranted to address any protections necessary. Such information must be clearly marked in the proposal and be appropriately labeled with a legend such as,

“The following is (proprietary or confidential) information that (name of proposing organization) requests not be released to persons outside the Government, except for purposes of review and evaluation.”

In some cases (such as with the National Science Foundation), an agency will also have a specific “check block” or field that needs to be completed if proprietary or confidential information is included in a proposal.

Current and Pending Support

Most sponsors (especially Federal) are interested in an investigator’s current and pending support (sometimes referred to as “other support”) for related projects, as well as evidence of an investigator’s current commitments. The term “pending

support” is defined as all outstanding proposals. Proposals that have been formally rejected or withdrawn are not included as “pending” support. It is appropriate to indicate in the Current and Pending Support section what your plans will be under the various possible funding scenarios, paying particular attention to committed level of effort. Please be sure to review specific agency requirements and guidance in reporting this information

Facilities, Equipment, and Other Resources

A description of the facilities available for use on the project should be included in the Facilities section. Major items for use on the project should be included in the Facilities section. Major items of equipment should be described and special technical support facilities, such as computing equipment, and electronic/machine shops should be mentioned or any other resources. This information will assist the evaluators in determining the capabilities of the organization to perform the scope of the project.

Budget

The proposed budget is the Principal Investigator’s best estimate of the financial support needed to perform the technical goals and activities of the proposed project. Careful front-end preparation is important, as the proposal budget may become the award budget and be binding on the institution. Investigators must use vendor price quotes or some other reasonable cost basis as support for budgeted items such as equipment, supplies, etc... Unallowable costs, as defined by the guidelines applicable to your sponsor, must not be included in your proposed budget. Inflation factors (not to exceed 3%) may be used for the out-years of the project depending on sponsor guidelines.

The budget should reflect the methodology described within the proposal narrative. Reviewers should be able to determine if sufficient funds are being requested to successfully complete the project, and that those requests are reasonable given the scope of work. Accuracy and detail are essential in this section. Principal Investigators format as specified in the proposal guidelines. The Office of Sponsored Programs and Research staff is available to assist investigators in developing budgets that are consistent with University policy and agency requirements.

Underestimated budgets are one of the primary causes of cost overruns. These become the responsibility of the Principal investigator and the department head.

A detailed budget or spreadsheet must accompany each proposal submitted to the Office of Sponsored Programs and Research for review and approval. This budget is used for internal planning and review purposes to verify that items have been categorized appropriately and that facilities & Administrative (F&A) calculations are correct.

The Budget Justification

Any details that help clarify the budget line items not appropriate for statement in the actual budget form should be included in this section.

Salary Cap

Federal awards from the Department of Health and Human Services (NIH, CDC, FDA, ACF, CMS, HRSA, AHRQ, and SAMHSA) impose restrictions in regards to the amount of direct salary paid on their grants. This restriction is commonly known as the “salary cap,” and is a legislative mandate imposed by Congress. Other sponsors also implement salary caps, and investigators should be cognizant of these requirements.

A Special Note Regarding NIH Modular Budgets

The National Institutes of Health (NIH) maintains modular budgeting guidelines for many of its applications. Under these guidelines for application under \$250,000, no detailed budgets are provided to NIH, although details on personnel and subcontracts are provided in a budget justification. Amounts requested per year cannot (currently) exceed \$250,000 in direct costs and funding must be requested in \$25,000 increments.

Note: while NIH does not require submission of a detailed budget when submitting a modular budget, a detailed internal budget is required for institutional review purposes.

Cost Sharing and Matching

Some sponsored projects require the University to participate in funding the costs of a project. The University's participation in funding the costs of a project is referred to as "cost sharing." Cost sharing expressed as a ratio is sometimes referred to as matching. For Federal grants, the terms cost sharing and matching is used interchangeably and is subjected to the same federal regulations. *Reference: Code of Federal Regulations: Title 2: Part 200 - [eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (see Section 200.306).* In accordance with the Uniform Requirements, announcements must state whether there is a required cost sharing, matching or cost participation without which an application would be ineligible (if cost sharing is not required, the announcement must explicitly state this as well). Unless waived by the terms of the program, federal cost principles require that cost sharing contributions meet all the following criteria:

- Verifiable from the recipient's records

- Not included as contributions for any other Federal award
- Necessary and reasonable for accomplishment of project or program objectives
- Allowable under Subpart E – Cost Principles of the Uniform Requirements
- Not paid by the Federal government under another award
- Provided for in the approved budget when required by the Federal awarding agency

The cost sharing requirement can be expressed as: (1) percentage of the Principal Investigator's level of effort, (2) number of hours of the Principal Investigator's time; or (3) percentage of total sponsor-funded cost; or (4) as an absolute dollar amount. Usually, the University meets its cost sharing requirement by contributing direct labor and associated fringe benefits, plus indirect costs. For projects awarded at less than the negotiated indirect cost rate, the University may include the difference between the negotiated and the awarded indirect cost rate as cost sharing with the prior approval of the Federal awarding agency.

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

Proposals should include cost sharing only to the extent required by the program. Some investigators believe that they will improve the competitive advantage of their proposals if they promise generous amounts of cost sharing. The investigator must consider that, if an award is made on the basis of a proposal that includes excess cost sharing, the proposed cost sharing in excess of the required amount becomes a legal obligation. After the award, failure to deliver the promised cost sharing may

cause a sponsor to demand a refund for the unmet cost sharing and may constitute a violation of the terms of the award which provide grounds for debarment or suspension.

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

The source of funding for the proposed cost sharing should be identified before the proposal is routed.

Types of Cost Share

Mandatory Cost Sharing

Funding, either required by the terms and conditions of the award or by federal statute, which requires a University contribution toward the project as a condition of receiving the award.

Voluntary Committed Cost Sharing

A cost associated with a sponsored project and supported with university and/or other non-sponsored funds, which was identified in the proposal, but was not required or funded by the sponsor. It is important to note that, under Federal research proposals, voluntary committed cost sharing is **not** expected.

Voluntary Uncommitted Cost Sharing

A cost associated with a sponsored project that is not funded by the sponsor, and was not committed in the proposal or in any other communication to the sponsor. This includes effort of faculty or senior researchers that is over and above that which is committed and budgeted for in a sponsored agreement.

In-kind Matching

“In-kind” match which is the value of non-cash contributions to the project. In-kind matching contributions made by a party other than AUM require documentation from that third party that supports the use of the funds as in-kind matching and may require a certification of fair market value from the party providing the match.

Cash Matching

“Cash” match is an actual cash contribution made by AUM or a third party.

Program Income

Program income is defined as gross income earned by an organization that generated by a supported activity or earned as result of any award during the period of performance.

Conflict of Interest and Conflict of Commitment

Auburn University Montgomery supports and encourages its faculty and other employees to engage in a wide variety of relationships and external activities that are in the public interest and, also, of the benefit to the University and the individuals concerned. On occasion, however, this may give rise to conflicts of interest, whether potential or actual, perceived or alleged. Applicable University personnel are required to recognize and disclose significant financial interests that might give rise to conflicts of interest or the perception of conflicts and ensure that such conflicts are seen to be properly managed or avoided, with the goal of ensuring, to the extent possible, institutional responsibilities are free from bias and inappropriate influence. It is the intent of AUM to manage financial conflicts of interest of its employees as part of ongoing efforts to prevent outcomes that may be harmful to, sponsored activities, operation of regulatory compliance committees, technology transfer efforts, or the University at large. Therefore, employees responsible for the design, conduct, or reporting of sponsored research, engaging in technology commercialization. And/or related activities (affected employees) must report

Significant Financial Interests, and must work with the University to develop a plan to Manage Financial Conflicts of Interest, as necessary.

An annual disclosure in COI-SMART disclosing the affected employee's significant financial and other interests which reasonably relate to their institutional responsibilities. Disclosures should be updated annually and within 30 days of discovering any new interest or relationship. Resources to help you recognize when a conflict might exist, how to use COI-SMART for disclosure, and how to manage it appropriately can be found on the OSPR website.

International Relationships and Activities

The U.S. government has expressed serious growing concerns regarding inappropriate influence by foreign entities over federally funded research. One issue that has moved to the forefront is the failure of federally-funded researchers at U.S. institutions to disclose their relationships and activities with foreign government, institutions, and funding agencies. Several Federal agencies have indicated that failure to disclose foreign relationships and activities may jeopardize eligibility for future funding.

AUM strongly encourages international collaborations, but it is important for our investigators to be transparent about their foreign relationships and activities. AUM's OSPR has compiled information to provide guidance and resources to remind AUM researchers of their compliance obligations. This information can be found on the OSPR website.

Proposal Audits and Site Visits

Occasionally, a sponsor will audit a proposal before negotiating the contract. The auditor will verify the fringe benefit, indirect cost and labor rates, and will review quotes and other documentation supporting the proposed costs. The audit report

will be sent to the appropriate contracting officer for the purposes of negotiating the contract with the University. If a representative from the sponsoring agency contacts you to schedule a site visit, notify your department head and ask about the proper procedure for setting up the visit. Sometimes the sponsor will want to talk to an administrator about the financial capabilities of the institution. A representative from the Office of Sponsored Programs and Research is available to address these issues.

Transferring an Award from another University

When a faculty member transfers to AUM from another institution, the former institution will close out its agreement with the sponsoring agency. The sponsoring agency will then award a new agreement to AUM. The first step in transferring an agreement is for the relinquishing institution to notify the sponsor of the remaining balance and the new end date. The investigator should work with their former institution to determine the remaining balance of the agreement. The Office of Sponsored Programs and Research will submit a proposal from AUM to the sponsoring agency in the amount of the remaining balance. Many sponsors have special forms for both the relinquishing institution and the institution to which the award is being transferred.

Budget Negotiation

Occasionally, a sponsor requires additional information to award a grant at an amount lower than proposed. The sponsor will contact the Principal Investigator or the Office of Sponsored Programs and Research to revise the budget. Depending on the reduction, the investigator will need to determine how the originally proposed scope and objectives of the project will be affected under the modified budget. The Director of the Office of Sponsored Programs and Research or his/her designee

should serve as the single point of contact, coordinating the communication between the sponsor and the Principal Investigator.

Regulatory Review

Export Control

Federal regulations and sanctions promulgated and enforced by various federal agencies including the **Department of Commerce** – Export Administration Regulations (**EAR**), the **Department of State** – International Traffic in Arms Regulations (**ITAR**) and the **Department of Treasury** – Office of Foreign Assets Control (**OFAC**) prohibit the unlicensed export of specific technologies and items and payments to certain entities and individuals for reasons of national security or protection of trade.

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

Hazardous Materials/Hazardous Chemicals/Biohazards

Hazardous materials are any chemical or biological agent that may cause a physical or health hazard to persons exposed to them. Use and disposal of hazardous materials are governed by many Federal, State, and local agencies. Hazardous chemicals are defined as any chemicals that exhibit a physical or health hazard. Examples of such chemicals include: flammable liquids and solids, corrosives, oxidizers, and any chemicals that are considered toxic like heavy metals. Biohazards generally refer to carcinogens, mutagens, teratogens, all microbiological agents and radiological hazards. Examples of such materials that fall into this classification are viral, bacterial, fungal agents, and chemical toxins.

Biohazardous materials also include materials of biological origin that could potentially cause harm to humans, animals, or plants. Examples include recombinant DNA; transgenic animals or plants; human, animal, plant pathogens; biological toxins (such as aflatoxin); human blood and other potentially infectious materials; and human or non-human primate cell cultures.

Animal Subjects

Overseeing campus-wide animal care and use (research, testing, or educational) to ensure adherence to humane and ethical principles, as outlined in the Animal Welfare Act, Institute for Laboratory Animal Research “Guide for Care and Use of Laboratory Animals,” and all other applicable public laws and local policies. Investigators who plan to use animal subjects as part of their research should become familiar with these laws and policies, copies of which are available. Federal laws and regulations define and prescribe rules for obtaining, maintaining,

transporting, and using animals for research purposes. Failure to comply with these rules and regulations can result in significant monetary fines and penalties, including the loss of federal funding for the University.

Investigators/Instructors using live vertebrate animals in such activities are required to submit an Animal Subjects Review Form (ASMF) or an Animal Production/Maintenance Facility Standard Operating Procedures Form (APMF) for review and approval prior to project initiation along with annual reports of protocol activities.

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

Human Subjects

The University is required to safeguard the rights and welfare of human subjects involved in sponsored projects. Any project originating at Auburn University Montgomery which utilizes human subjects should be submitted for review to the University prior to initiation of the project.

Approval must be obtained before a sponsored project including human subjects can be conducted at the University. Most granting agencies do not require approval for submission of proposals, however approval is generally required prior to their funding of a project.

Responsible Conduct of Research

The University encourages, but does not require, all investigators to complete responsible conduct of research (RCR) training. This training is currently dependent

on sponsor requirements. Currently, the National Science Foundation and United States Department of Agriculture/National Institute of Food and Agriculture (NIFA) have specific requirements in relations to RCR training.

Collaborative Institutional Training Initiative (CITI)

Auburn University Montgomery has contracted with CITI to provide a number of web-based training modules including those for the Responsible Conduct of Research (RCR), Export Control, Financial Conflict of Interest (FCOI), and for individuals involved in activities involving the use of human subjects.

Submitting the Proposal

Submission of the AUM Proposal Transmittal Form (PTF)

Request a Proposal Transmittal Form from the Office of Sponsored Programs and Research.

Principal Investigator and Co-Investigator

When submitting the AUM Proposal Transmittal Form (PTF), the PI and co-PI(s) confirm that the information on the form and associated application are accurate and factual, and that, when the project is funded, they will assume accountability for carrying out the conditions of the award. Submission further certifies that neither the PI nor anyone involved in this project is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency. The PI will indicate whether the project does or does not involve an actual or potential conflict of interest or commitment, based on University policy.

The PI is responsible for identifying the total costs of the project, sources of funding for costs sharing, and making arrangements for space and facilities. The Investigator, by his/her submission of the eCover form and application, is stating that he/she will meet the proposed level-of-effort if the project is funded. The PI cannot begin research activity on the project until completion of the applicable administrative reviews and approvals.

Provost/Assistant Provost

By approving the eCover form, the Provost and assistant provost certifies that the PI, to the best of their knowledge, is competent and capable of carrying out the proposed project. Once the project is funded, the PI responsibilities within their given department will be adjusted so that the investigator can commit the required effort to the project.

Director

By approving the cover form, the Director of Sponsored Programs and Research certifies that the required resources will be available and that the department is capable of carrying out the proposed project. The director will determine whether the project is consistent with the mission of the college and the University.

Routing the Proposal for Approval

The eCover form requires the approval of the PI, co-PI, Provost, assistant provost, and the Director of Sponsored Programs and Research prior to the submission by the Office of Sponsored Programs and Research. Principal Investigators are encouraged to utilize the assistance of their departmental administrators, and contract administrators. These individuals are well-versed in university rules and

sponsor regulations. They can help prepare documents, control routing and approvals, and help Principal Investigators sidestep the occasional pothole found in the many administrative processes of large institutions.

IMPORTANT NOTE: When AUM is proposing to serve as a sub awardee or subcontractor on a proposal being submitted by another institution, routing of the University's portion of the proposal (including AUM 's budget and budget justification) and institutional approval is **required**. In some cases, the institution submitting the proposal will request a letter of intent/collaboration. This document should be signed by the Director of Sponsored Programs and Research. In select cases, it is requested that both the PI **and** Director sign the letter.

For those colleges/schools/units participating in the decentralized submission of proposals, Principal Investigators are encouraged to contact their Office of Sponsored Programs and Research to find out about any deviations from these guidelines that may be applicable for submission.

Electronic Submission of Proposals

Please note that proposals are submitted electronically and must be routed through the University system. Sponsored Programs will not approve electronic proposals without first receiving a completed and approved eCover form

It is highly recommended to allow extra time for unforeseen problems when submitting proposals electronically.

Note that OSPR cannot guarantee submission of a proposal by a deadline unless sufficient time is provided for the internal review and approval process.

Types of Agreements

Restricted Gift

Restricted gifts are donations of money or property that must be used for a specific purpose, such as faculty recruitment, equipment purchases, student financial assistance, or research (other than project research). The award document for a gift takes the form of a letter to the University, written by the donor. Restricted gifts are administered by AUM Foundation.

Grant

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

The administrative process for a grant is simple. The proposal routing procedure applies. The sponsor will send the grant award document to the to OSPR, at which time the office will send the appropriate documentation to the Accounting to be deposited.

Cooperative Agreement

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

Memorandum of Agreement

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

Contract

A contract is a mechanism for procurement of a product or service with specific obligations for both sponsor and recipient. Typically, a topic and the methods for conducting the project are specified in detail by the sponsor, although some sponsors award contracts in response to unsolicited proposals.

Sponsored Research Agreement

A sponsored research agreement is a type of contract used when a sponsor is supporting a research project with a defined scope of work and/or deliverables. Sponsored research agreements usually require negotiation between the University and the sponsor and always require the signature of the officially designated University signatory. The OSPR conducts the negotiation on behalf of the University. Specific individuals within OSPR have the authority to sign the contract. Principal Investigators are **not** authorized to sign contracts on the behalf of the University.

Research Services Agreement

A research services agreement is a type of contract used by sponsors for services to be provided by the University for which the sponsor provides a specific protocol to be

followed, to which the PI did not contribute creative/intellectual input. A standard research services agreement is available on the OSPR website.

Technical Assistance Agreement

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

Cost-reimbursement Award

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

Fixed-price Award

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

Accurate cost pricing is critical in preparing the proposal budget for a fixed-price award. If the project costs more to complete than the award price, the PI must make special arrangements with the Department Head and Dean to cover the cost overrun. If the project costs less to complete than the award price, the funds remaining at project

completion are handled in accordance with the “Fixed Price Residual Balances Policy” which defines the procedures for access to residual balances.

If a fixed-price award is audited, it is audited at the proposal stage, not after completion of the project.

Purchase Order

Companies use the purchase order as a mechanism for buying goods and services. In many cases, purchase orders contain terms and conditions that the University cannot accept. Usually, the company contact does not have authority to negotiate these problematic terms, and the negotiation must make its way through company management. It is better to provide a copy of the AUM Standard Research Services Agreement to the company and involve the OSPR as soon as possible.

Subcontracts or Subgrants (Subawards)

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

Materials Transfer Agreement (MTA)

A material transfer agreement is a legal agreement entered into by a provider and a recipient of research material. Research material can include biological materials, plant and plant tissues, hazardous, toxic or radioactive components. MTA's are reviewed, negotiated, and signed by the IP Exchange before the transfer of research material has occurred.

Confidentiality Agreement (Non-disclosure Agreement)

A confidentiality agreement is a legal agreement required by the University between at least two parties that outlines confidential material that the parties wish to share with one another but wish to restrict access to by a third party.

A confidentiality agreement may be required by a company when the company wishes to disclose its proprietary information to an AUM investigator. The company may wish the University to sign as well as the investigator.

Confidentiality agreements are reviewed, negotiated, and signed by the IP Exchange. Confidentiality agreements must indicate that confidential information be reduced to writing and marked as “Confidential.” The agreement must specify a time limit, usually three years.

Collaboration Agreements (Teaming Agreements)

Collaboration agreements involving investigators employed by more than one organization may develop informally at the beginning stage in preparing a proposal, or they may be formally required by a funding agency as part of a proposal. If the collaboration is with an employee of a company, a collaboration agreement must be formalized with the University and intellectual property rights must be addressed. Collaboration agreements with a commercial company must be reviewed by the OSPR. If the collaboration is between an AUM Investigator and a non-AUM, non-company investigator, a letter of intent is still good practice. The letter of intent should include a statement agreeing to collaborate, the identification of the scientists responsible for the respective activities, and a sentence or two describing what each collaborator will contribute. This letter need be between the investigators only, unless the sponsor requires University signature.

Liability for Conducting Sponsored Projects without an Agreement

Contracts or agreements for sponsored projects funded by the government, private foundations or private industry and performed by AUM faculty or staff at the University or at facilities leased or owned by the University must undergo review and approval by the OSPR prior to project initiation. OSPR is the designated office responsible for signing sponsored project agreements on behalf of the University. As applicable, OSPR will sign these agreements only after review and approval process has been properly completed. Individual faculty or staff are not authorized to sign on behalf of the University. This applies to the following:

- If a faculty member or staff person conducts a sponsored research project outside the auspices of the University review, approval and oversight, as outlined above, that faculty member or research staff person is acting in his/her own private capacity, and not as an employee or agent of the University, with regard to liability insurance. Thus, such an individual is not covered by the liability insurance afforded by the University to faculty or staff who are acting as University employees.
- Because the faculty member or staff person is acting outside the course and scope of his/her employment with the University, the individual faculty member or staff person will be personally liable for any claims by either the sponsor or subjects of the project.
- A faculty member or staff person conducting a sponsored project for which there is not an approved agreement by the University may not use the faculties, personnel, equipment or the name of the University for such activities. Any such activity is not a University sponsored or endorsed activity and specific arrangements must be made by the individual to reimburse the University for any property of facilities being utilized in the conduct of that individual's private endeavors.
- If no agreement exists between the University and the sponsor of the project, the individual faculty member or staff person is solely and personally liable for

necessary accounting reports and for dealing with any audit requested or required by the sponsor, as well as reimbursing the University for any resources used in connection with such reports or audits.

- If no agreement exists between the University and the sponsor of the project, and thus, the faculty member or staff person is acting on his/her own behalf, the faculty member/staff person is not entitled to legal or administrative support from the University, should a dispute or problem arise as a result of the project.

Contract Process

Negotiations with the private sector can lead to time delays in processing a new contract. Companies frequently include contract terms in their agreements that are problematic in terms of University policy and State law. Reaching mutually satisfactory arrangements in our partnership with industry can be challenging, giving our different missions. Contentious issues include: publication constraints, confidentiality clauses, intellectual property rights, indemnification, liability and insurance issues, arbitration clauses, governing law, currency exchange (i.e.: ensuring that contracts entered into with foreign entities are in U.S. dollars **only**) and requests for indirect cost reductions. Investigators should understand the University's position on these issues before they begin discussions with prospective sponsors. Clear communication at the initial stage makes the negotiation process easier and is the most important factor in minimizing processing turnaround time.

The contract review process can be complicated; as a result, the University sign off on contracts is not available on a walk-through basis.

Drafting the Agreement

Provide prospective sponsors with the University standard agreements, which clearly reflect our position on acceptable terms and conditions. Principal

investigators may negotiate directly with the sponsors regarding the scope of work to be conducted; however, **Investigators may not negotiate any other terms.** Frequently, companies will not give up terms offered by investigators, even those terms that are not acceptable to the University and prolonged negotiations result.

Indirect costs should not be discounted to heighten the acceptance of a proposal. The University cannot subsidize the private sector. The University's indirect cost rate is federally negotiated and reduced rates are allowed only as dictated by law or sponsor policy universally applied to all recipients. Reductions in indirect costs that do not meet these requirements must be approved in advance at the proposal stage by appropriate college-level leadership and in the case of private sector entities (Director of Sponsored Programs and Research).

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

All contracts should contain a **property title clause**, even if the proposed budget does not include equipment. This will prevent a problem should equipment be purchased during the life of the contract. The standard University property clause states, "Upon termination of the Agreement, any equipment, material, or supplies remaining in stock will become the property of the University."

The property title clause should be appropriately worded if equipment and supplies purchased for projects conducted off-site (e.g., host country, host university, cooperating U.S. agency, a host government agency, host country research foundation, museum, or relief or aid organization), are remain at the off-site location after the termination of the contract.

Involve OSPR as early as possible so terms can be prenegotiated. Investigators are encouraged to forward draft agreements, especially those with non-standard terms, to OSPR at the earliest possible stage.

Negotiating the Agreement

The administrative process for awards begins in OSPR. The award document, or agreement, is matched to the appropriate proposal. If the award document does not require University signature (e.g., most federal grants), then the paperwork to establish a Fund is initiated and forwarded to the Office of Contracts and Grants Accounting to create the Fund. CGA will send an email notification to both the PI and department administrator with the Fund number once created.

If the award instrument requires University signature, or if specific terms or conditions are involved (e.g., contracts, some purchase orders), OSPR will review and negotiate terms directly with the sponsor.

Signing the Agreement

Principal Investigators are not authorized to sign agreements on behalf of the University. If the terms of the agreement are standard, OSPR will sign the documents, generally within 1-3 days. AUM's Contract Signature Authority Policy provides additional details regarding university signature authority.

If the sponsor's signature is present on the agreement and if there are no charges to the agreement, OSPR will sign for the University, following one original, fully-executed agreement to the sponsor, with a copy to the department. If changes to the contract are required, OSPR will work directly with the sponsor to address the changes before signing the contract.

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

Setting Up the Fund

The University considers the tight technical schedule that a PI is under once a project is awarded and does its best to minimize the amount of time it takes to set up a Fund to allow for expenditures. The Office of Contracts and Grants Accounting sets up a Fund in the Banner system after receiving a fully-signed AUM Cover Form for Extramural Programs, budget, journal voucher, indirect cost distribution form (as applicable) and a fully-executed copy of the award document (e.g., purchase order, grant, contract). These documents are forwarded by the OSPR through the Electronic Research Administration (eRA) office- copies of the documentation is also provided to the applicable college-level designees and other departments/offices as applicable.

Anticipation

The University does not have formal authority to incur costs against a grant or contract until a fully-executed award document is in place. However, there are times when the award documents are late and the PI needs to begin spending before the award document is fully-executed. Changing another sponsored project account for costs associated with a pending award is not allowed. Instead, when the award

documents are late and the investigator knows that the University will accept the terms of the award, e.g., standard Federal grants, it is appropriate for the Investigator to request that a Fund be established on **anticipation**. Establishing a Fund on anticipation is not appropriate if the University and sponsor have not completed negotiation of unacceptable terms of a contract. Another consideration is whether the dates of the agreement are somewhat “determined” or if the start date (and allowability of expenditures) will be based upon the execution of the agreement.

The PI must first make arrangements with the department head in order to issue an anticipation request to OSPR. Establishing a Fund on anticipation is a guarantee that the department head will cover expenditures charged to the account in the event that the award does not come through (in some cases, this guarantee may actually be provided by the dean). The anticipation request should include any pertinent information (such as any limitations on what is to be loaded during the anticipation status, etc.) and should include a statement that “should an award not be finalized, the department head will be responsible for any costs incurred.” If the award does not come through, the PI and department head must promptly transfer the costs incurred during the anticipation period to a discretionary source of funds (not a restricted sponsored project account).

Pre-award Costs

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

Many Federal grants are award under the terms of expanded authorities. Call OSPR if you are unsure whether or not your project will be awarded under expanded

authorities. Expanded authorities allow the University to incur project costs up to 90 days before the effective date of the project. The costs to be incurred must be necessary for the contract of the project and must be allowable under the potential award. If pre-award costs are anticipated, please be sure to notify the appropriate contract administrator in OSPR. They will include a note on the AUM Cover Form for Extramural Programs noting that pre-award costs will be incurred.

Spending the Award

Principles of Sponsored Project Support

The majority of externally sponsored funding at AUM is provided by the federal government. Cost accounting principles for higher education grantees are established by the federal Office of Management and Budget (OMB). The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award ([2 CFR 200](#)) provides the basis for determining applicable direct and indirect costs (Subpart E); sets forth the maximum administrative requirements that institutions must adhere to (noting that individual federal agencies are required to implement these requirements as individual agency regulations, such as the NIH Grants Policy Statement or the NSF Grant Policy Manual (Subpart D); and establishes audit requirements and defines federal responsibilities for implementation and monitoring such requirements for institutions receiving federal awards (Subpart F). These requirements are applicable to state, local and Indian tribal governments, institutions of higher education (IHE's) and non-profit organizations.

Allowable Direct Costs

- The most important questions to ask in determining whether a cost is allowable are: Can the cost be specifically identified with the project relatively easily with a high degree of accuracy?
- Is the cost reasonable?
- Is the cost given consistent treatment on all sponsored as well as non-sponsored funds?
- Does the cost conform to the terms of the award, University policy, State law, and Federal law?
- Is the cost generally recognized as necessary for the performance of the sponsored agreement?

Proposal Costs

Proposal costs are the costs of preparing bids or proposals on potential Federal and non-Federal sponsored agreements or projects, including the development of data necessary to support the institution's bids or proposals. Proposal costs may not be directly charged to a sponsored project Fund.

See AUM's "Direct Cost Policy" for additional information regarding consistent practices for defining, charging, and coding direct and indirect costs to university Funds.

Rebudgeting

The budget is an estimate of the spending plan for the project. The actual spending pattern may vary from the categorical budget breakout. The terms of your award will

dictate how much the actual project expenditures can vary from the cost categories of the award budget.

For grants awarded under the terms of Expanded Authorities, the investigator is not limited by the categorical breakout of the budget, unless the deviation from the budget represents a change in scope or objectives or if a significant part of the research is being transferred outside the University (usually in the form of a subcontract). As a rule-of-thumb, the NIH Agency-Specific Terms state that a deviation in a budget category of more than 25% of the total award may indicate a change in the scope or objectives of the project.

Sponsor Prior Approval

Requests for sponsor approval of budget deviations and requests for sponsor approval of specific items of cost should be addressed to the grants officer or contracts officer, with a copy to the program officer. All letters to sponsors requesting prior approval should include the countersignature of the official institutional representative. OSPR will sign on behalf of the authorized institutional representative. The federal Prior Approval Matrix reflects a breakdown for a number of specific agencies that waive prior approval for a number of financial assistance post award actions.

The document *Rebudgeting of Sponsored Projects* provides additional guidance on this topic.

Personal Services

Effort Reporting

Typically, two thirds of the direct cost budget for research grants and contracts consists of personal services. Due to sponsor regulations and the unstructured nature of research, accounting for the effort of personnel assigned to grants and contracts requires more attention than for other academic activities. Sanctions for noncompliance can be serious, including criminal charges, debarment, and suspension. The following information is intended to inform department heads and Principal Investigators of their responsibilities for ensuring compliance.

Federal cost principles allow the direct charging of personal services to project accounts, provided that the following requirements are met:

- (1) The employee's effort directly benefits the project.
- (2) The personal services costs are reasonable and necessary in order to reach project objectives.
- (3) The personal services costs are treated consistently, in accordance with established policies of the institution.
- (4) The terms of the agreement or Federal cost principles do not otherwise prohibit charging the personal services costs.

The important point is that the salaries and wages charged to a project must represent the proportionate share of effort that directly benefits the project. AUM's payroll and effort reporting systems comply with the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The University has chosen an "After-the-Fact Activity Record" method

which provides reasonable assurance that the charges are accurate, allowable and properly allocated. Our payroll and effort reporting systems cover only AUM compensated effort.

AUM utilizes an electronic effort certification system (e-Certs).

Fringe Benefits

Fringe benefits (employee-related expenses) are charged to the project Fund at a fixed rate, depending on the classification of the employee, in accordance with the University's DHHS-approved Rate Agreement. Actual charges for FICA, retirement, insurance, and other benefits are not charged to the project Fund, but are charged to a Fringe Benefit Pool Fund. This method of charging fringe benefits by a federally-approved fixed rate simplifies budgeting and accounting for personal services on sponsored agreements. See the OSP website for current rates.

Special Consideration for Compensation in NSF Proposals: As a general policy, NSF limits the salary compensation requested in the proposal budget for senior personnel to no more than two months of their regular salary in any one year. (See Exhibit II-3 of the Proposal & Award Policies & Procedures Guide for the definitions of Senior Personnel.) It is the organization's responsibility to define and consistently apply the term "year," and to specify this definition in the budget justification. This limit includes salary compensation received from all NSF-funded grants. This effort must be documented in accordance with 2 CFR § 200, Subpart E, including 2 CFR § 200.430(i). If anticipated, any compensation for such personnel in excess of two months must be disclosed in the proposal budget, justified in the budget justification, and must be specifically approved by NSF in the award notice budget.

For AUM's purposes, the following will be the statement to include in all NSF budget justifications: "AUM defines the term "year" as its fiscal year: October 1 – September 30."

Other Operating Costs

Consultants and Speakers

It is important to differentiate an "employee" from an "independent contractor" before engaging a consultant or speaker via a Professional Service Contract (PSC). An Independent Contractor (IC) Form (Form IC 99-01) should be completed to assist with this determination. Once a determination is made, the Professional Services Contract can be completed and routed through the appropriate offices for approval (this process is now facilitated through Self-Service Banner). Be aware of possible sponsor limitations in the daily or hourly rates.

Entertainment vs. Meeting Expenses

Entertainment costs on sponsored projects are unallowable. The distinction between unallowable entertainment charges and legitimate project-related meeting expenses is not clearly defined by the regulations; however, auditors and agency regulations apply a conservative interpretation of the cost principles. Therefore, the University requires that meeting and conference expenses directly charged to sponsored projects must be supported by documentation that the activity is directly-related to the project charged, and that the primary purpose of the activity is the dissemination of technical information. Examples of acceptable documentation include: a line item in the approved project budget for the meeting or conference, narrative in the proposal referring to the meeting or conference, a published agenda, and correspondence with the sponsor. Sponsored funds are not to be spent for meals or coffee breaks for intramural meetings of the institution or any of its components, including, but not limited to, laboratories, departments, and centers

Administrative Costs

Subpart E (Cost Principles) of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards provides guidance on the treatment of certain administrative costs.

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Inclusion of such costs on a proposal budget may be appropriate only if all of the following conditions are met:

- (1) Administrative or clerical services are integral to a project or activity;
- (2) Individuals involved can be specifically identified with the project or activity;
- (3) Such costs are explicitly included in the approved budget or have the prior written approval of the sponsor; and
- (4) The costs are not also recovered as indirect costs.

Computing devices under \$5,000/unit may be direct charged to a project or activity 39 under the following circumstances:

- (1) The machines are essential* and allocable to the project in that they are necessary to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.
- (2) The project does not have reasonable access to other devices or equipment that can achieve the same purpose; devices may not be purchased for reasons of convenience or preference.
- (3) Items costing more than \$5,000 per unit are considered equipment and follow federal equipment rules for when they can be direct charged. (SEE 200.33, 200.48, 200.89, and 200.439 of the Uniform Guidance.)

Note: that Investigators are responsible for determining whether or not the device is “essential” and to what extent the cost of the device is allocable to the sponsored project. Investigators and departments should maintain documentation that describes how the proposed computing device meets the above requirements.

Subject Pay

Budgets for research projects involving human subjects may provide for payments to the subjects for participating in the research. Payments to human subjects/research participants must be approved by the Institutional Review Board (responsible for the approval of human subject research). The IRB's written approval letter must be presented to PPS with any request for funds to pay those subjects.

Generally, subject/participant payments are processed on a multiple vendor voucher and made by check. In rare cases the IRB may determine that an alternate form of payment (cash, gift card) is required. Additionally, there may be cases where payment to a small percentage of participants through a random drawing can be justified. Such drawing incentives must be randomly designed with responsibility for oversight resting with the Principal Investigator. In either case, a request for exception, including the IRB approval of such, must be forwarded to PBS for review and approval before the study begins.

If the subject/participant will receive \$200 or less, they do not have to register through the *AUM Supplier Portal*, but the PI will have to obtain and attach a completed W-9 form to the voucher for payment. The W-9 requirement will be waived if the payment is \$50 or less. If the subject/participant will receive more than \$200, they must register via the AUM Vendor Center.

Note: When mailing surveys, contact Mail Services to determine if mailings are eligible for reduce rate nonprofit/bulk mail.

Participant Support

Costs Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (**but not employees**) in connection with conferences or training projects. Participant support costs are excluded from AU's Modified Total Direct Costs (MTDC) base. The Principal Investigator should confirm that participants are eligible participants prior to payment of stipends. For example, if the award includes graduate student fellowships, undergraduate students' tuition should not be paid from that award. In addition, if housing will be provided as an expense (such as part of a summer REU program).

Participant support costs are often tracked separately from other funds (a separate FOP is established) and generally carry separate sponsor regulations from other direct costs. Depending on sponsor policy, prior approval may be required for budget reallocations from participant support costs to other items of expense.

Participant support costs are **not** Research Participant Incentive Payments (subject pay).

Payment of Participant Support Costs

In most cases, payments to participants should not be made via TES or AUM payroll; rather, payments to participants should be made through Student Financial Services (SFS) or Procurement and Business Services (PBS). (If you have questions about the requirements of a specific program contact OSPR for guidance.)

Payments to AUM Students

1. Contact SFS.

2. In a memo, letter, or email provide the student's AUM ID number, amount of the stipend, and frequency of the stipend. The stipend may not be paid more often than monthly.

3. If you have more than one AUM student to be paid, each student will have to be paid on the same schedule, but they do not have to be paid the same amount.

4. If there is a notification letter from the program in which the student is participating, it should also be provided.

5. Provide the FOP from which to pay the students. A detail code is assigned in the Banner Student system so that the student account is credited, and then there will be a feed to Banner Finance to debit the sponsored FOP. These detail codes and associated FOPs are maintained in a database by SFS.

Payments to non-AUM participants

1. The participant must register as a vendor through the AUM Supplier Portal.

2. A vendor voucher must be prepared and sent to PBS each time the participant is to receive a payment. The voucher must include a description of the program in which the non-AUM person is participating. If a notification letter from the program is available it should also be provided.

3. Account code should be used for participant support cost stipend payments.

A former AUM employee may receive participant support cost payments. Their employee record must not be active in Banner. If the record is still active, an ePAF will have to be submitted by the department before the stipend payment can be made through PBS.

Tuition Remission

In accordance with the September 19, 2013 *Policy for Inclusion of Tuition in Externally Funded Contracts and Grants*, the budgets for all proposals that include stipend support for graduate assistants must include tuition support for those graduate assistants pursuant to the requirements of the policy at a rate between 10% and 40% of stipend amount (i.e., 10%, 20%, 30%, 40%). Additional information can be found in the OSPR document “*Charging of Tuition in Externally Funded Contracts and Grants*” which provides guidance regarding various Federal sponsor policies as well as a list of institutions that reflect limitations on Facilities & Administrative (F&A) costs and/or tuition remission expenses.

Travel

It is expected that travel charges to a project will be consistent with the *University’s Travel Policy*. Please note that federally funded air transportation is generally required by the “*Fly America Act*” to use U.S. flag air carriers.

Equipment

Sponsor guidelines and terms of the award dictate the restrictions on the purchase of capital equipment. Before purchasing equipment on a sponsored account, the Principal Investigator must determine that the University does not have the equipment in the inventory available for use on the project. The departmental approval on the purchase request stands for assurance that existing equipment is not available. The University definition of equipment is: an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more. The amount to be charged as "capital" is the cost of the asset, including the cost to put it in place. Capital expenditure for equipment, for example, means the net invoice price of the equipment, including the cost of any

modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as sales tax, shipping and installation costs are included as part of the capital expenditure.

Distinguishing between Capital and Repair/Maintenance

If an expenditure restores the asset to its original condition, it should be classified as a repair and maintenance expenditure and charged to operations. For example, a new roof on a building generally maintains the original condition of the building or restores the building to a fit condition. A new roof does not usually make the building more useful for its intended purpose or add to the estimated useful life of the building as a structure. Expenditures for parts or improvements to existing capital are considered capital if the improvement adds to the (original) estimated useful life of the capital or if the improvement increases the (original) purpose of the capital.

Where the purchase of equipment or other capital items is specifically authorized under a sponsored agreement, the amounts thus authorized for such purchases are assignable to the sponsored agreement regardless of the use that may subsequently be made of the equipment or other capital items involved.

Additional information regarding the purchase of equipment on sponsored projects can be found on the Equipment page of the OSPR web site.

Sub-agreements

Most sponsors require prior approval before the University can transfer substantive programmatic work to a third party, by contracting or any other means. Generally, an award based on a proposal budget with a line item for the named subrecipient constitutes documentation of sponsor approval. In some cases, this approval must be sought after an award has already been issued. In these cases, the Principal

Investigator should work with the Office of Sponsored Programs to ensure that all documentation is complete and submitted in accordance with sponsor requirements (for example, the National Science Foundation requires that the request be submitted through the Notifications/Requests module in the Fastlane system).

- Subaward:
 - Used to procure substantive programmatic work under a grant or contract
- Subrecipients:
 - are responsible for programmatic decision making and measurable performance requirements as defined in their work statement
 - must adhere to federal regulations (as appropriate)

During the life of a sub-agreement, the PI will review and approve the subcontractor's invoices (which are routed through OSPR) before Procurement and Business Services pays the invoices. The PI is responsible for monitoring the technical progress of the subcontractor and for ensuring that all technical requirements have been met.

Detailed information, including the sub-agreement process, vendor registration information, templates (for both sub-agreements and invoices), invoicing procedures, definitions and close-out documents can be found on the Subagreements page of the OSPR web site

NIH Childcare Allowance

Specific to NIH Fellowships and Institutional Grants **only**, NIH has made a childcare allowance available on its NRSA fellowship and institutional training grant awards. The maximum amount of the allowance is \$2,500 per budget year per fellow/trainee (not per child).

The allowance is excluded from indirect costs per NIH policy.

Facilities and Administrative (Indirect) Costs

Facilities and Administrative (F&A) costs are those that are incurred for common or joint objectives, and therefore, cannot be identified readily and specifically with a particular sponsored project, instructional activity, or other institutional activity. Examples of F&A costs include general office supplies and expenses, administrative and clerical expenses, and expenses related to the management of the institution (President's Office, Provost, Office of Sponsored Programs and Research, Business Office, Library, etc.).

AUM's DHHS Federally-approved F&A rate agreement reflects the current rates in place for both on- and off-campus research, instruction and other sponsored activities. AUM's F&A rate is based on Modified Total Direct Costs (MTDC) which consists of all salaries, wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs excludes equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships and fellowships, participant support cost and the portion of each subgrant and subcontract in excess of \$25,000.

For a project to be considered off-campus, more than 50% of the project must be performed off-campus (exclusive of subgrant or subcontract costs)

Fiscal Responsibilities

Recordkeeping

In general (and primarily related to Federal awards), a sponsor requires record retention for three years from the date of submission of a final expenditure report. However, some sponsors require a longer retention period. In addition, as a state instrumentality, Auburn adheres to additional State of Alabama record retention requirements. The Government Records Division (GRD) of the Alabama Department of Archives and History (ADAH) is responsible for administering and coordinating all functions associated with records management for state agencies, public colleges and universities. Information related to these special requirements and Auburn University's Record's Disposition Authority (RDA) can be found at ADAH's web site.

Account Management

Each Fund in Banner is assigned to a responsible person. For sponsored projects Funds, this person is the PI. The PI may delegate some of the duties associated with financial management of the Fund to a business manager or other subordinate. However, the PI assumes full responsibility for all activity on the Fund.

The PI is responsible for ensuring that all disbursements from the Fund are:

- for the bona fide purpose of the account;
- allowable per the terms of the award
- authorized in accordance with University policies, State and Federal laws and regulations;
- charged to the appropriate account code; and
- fall within the available funding for the Fund.

The PI is responsible for ensuring that:

- the Fund is reconciled on a timely basis, i.e., within 30 days of receiving the month-end report;
- immediate action is taken to resolve the errors or discrepancies noted during the report reconciliation and to follow up to ensure that errors are corrected; the Fund is updated for changes in authorized signers and other Fund information; file copies of supporting documentation for all activity processed on the Fund is maintained for at least three years after the final closeout of the project 45 (unless required to maintain for a longer period of time based on sponsor requirements).

In order to assist Investigators with the management of their sponsored projects, an interactive dashboard that provides administration, faculty and staff with real-time financial data on external contracts, grants, and cooperative agreements is available through AU Access. This resource, **My Funding**, is a tab within the Self-Service Banner Application. The application, which is based on user ID, includes links to research administration resources, provides live and historical financial data for an individual's external support, facilities and administrative cost recovery details, advanced search functions, and the ability to download relevant financial information as needed.

Cost Transfers

It is extremely important that all expenditures be initially charged to the appropriate Fund and Principal Investigators and others involved in administering an award should seek to ensure that expenditures are recorded correctly. If it does become necessary to transfer expenditures from one Fund to another, if either of the Funds is a contract or grant Fund, the process reflected in either the Non-Salary Cost Transfers or Salary Wage Cost Transfers policies will need to be followed (as applicable).

Program Income

Income earned that is directly generated by the sponsored project or earned in whole or in part as a result of the award is called program income (examples include fees for services performed, the sale of commodities or items fabricated under an award, conference registrations, etc.). Program income is subject to Federal regulations and must be separately accounted for. The project director must deposit and account for the program income through a separately established Fund. The Office of Contracts and Grants Accounting will set up this Fund for the program income and all associated costs will be charged to the Fund. Auburn University's "Program Income Policy" provides further guidance regarding the management of program income.

There are three ways that program income can be found in Definitions 18-20.

Unless Federal awarding agency regulations or the terms and conditions of the award provide otherwise, the University has no obligation to the Federal Government regarding program income earned after the end of the project period.

License Fees and Royalties

Unless Federal awarding agency regulations or the terms and conditions of the award provide otherwise, there is no obligation to the Federal Government or non-Federal sponsor with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 U.S.C. 18) apply to inventions made under an experimental, developmental, or research award.

Over-expenditures

Responsibility for clearing over-expenditures on sponsored projects accounts belongs to the PI and department head. For grants awarded under Expanded Authorities, over-expenditures from one budget period may be absorbed by the award of the continuing non-competitive renewal. The over-expenditures, or "pre-award costs," associated with the continuation award must be necessary for the conduct of the project and must be allowable under the potential award. The "Unreimbursed and Unallowable Sponsored Projects Expenditures Policy" addresses defines the treatment of both unreimbursed and unallowable contract/grant costs and explains the difference between the two types of costs.

Carry-forward of Unobligated Balance to Continuation Year

Refer to the terms of the award and sponsor guidelines to determine whether you are authorized to carry-over an unobligated balance to the continuation year. For grants awarded under Expanded Authorities, funds remaining at the end of one budget period (except the final budget period) are automatically carried over to the next. Since the carry-over of unobligated balances is automatic, no separate or specific awarding agency prior approval is required to authorize use of the funds. Refer to the Notice of Grant Award for any exceptions. The awarding agency may ask the investigator for an explanation of excessive carryover balances (generally, in excess of 25% of total funding for the budget period).

Financial Status Reporting

The Office of Contracts and Grants Accounting prepares financial status reports for sponsors, according to the terms of the award.

Cash Management

It is important to note that loading budget into a Fund and payment terms are two separate issues. The budget is set up (loaded) at the beginning of the budget period; cash is received throughout the budget period in accordance with the payment terms established within an award document and dependent upon the agreement type (cost reimbursable or fixed price).

Invoicing

The Office of Contracts and Grants Accounting is responsible for preparing and sending invoices to sponsoring agencies. For a description of the applicable responsibilities for ensuring compliance with sponsoring agency requirements, the “Final Billing and Reporting for Contracts and Grants Policy” provides additional guidance.

Letter of Credit

Most Federal grants and contracts are under the letter of credit method of payment. The Federal sponsoring agencies, e.g., DHHS, NSF, authorize a line of credit for the University to draw funds to meet the aggregate expenditure activity of the agency.

Bad Debts

Loading budget for sponsors in unstable financial condition or sponsors with an unknown or questionable credit history should be limited to cash as it is received. Principal Investigators should consider the risk of default when setting up the terms for payment and budget approval. If the Principal Investigator is aware of any information about a sponsor that is relevant to determining the risk of default of payment, whether for a proposed project or for a currently awarded project, it is the Principal Investigator's responsibility to report the information to the Office of Sponsored Programs.

The Office of Contracts and Grants Accounting will apprise the Principal Investigator, department head, and dean of all outstanding invoices over 45 days past due. It is the responsibility of the Principal Investigator and department head to cover unreimbursed costs in the event of default of payment.

Technical Responsibilities

Data Ownership

The policy of the funding agency, as stated in the award document, governs ownership of data. It is the responsibility of the PI to read the conditions of his/her grant or contract.

Access to and Retention of Scientific Research Protocols and Data

Both the scholar and the University have responsibilities and, hence, rights concerning access to, use of, and maintenance of original research data. Consistent with the precepts of academic freedom and intellectual integrity, the scholar has the primary authority to make judgments involving the use and dissemination of the data. Any disputes regarding access to data should be settled at the lowest possible

level, if circumstances permit. Otherwise, each dispute should go before the appropriate University reconciliation committee.

Each scholar is ultimately responsible for the maintenance and proper retention of research records. These records should include sufficient detail to permit examination for the purposes of replicating the research, responding to questions that may result from unintentional error or misinterpretation, establishing their authenticity, and confirming the validity of the conclusions.

Each scholar should maintain a research manual that describes all major procedures. Correspondence with institutional review committees and records of the use of controlled substances and radioactive materials should be maintained as part of the research record in accordance with governmental, regulatory, and University policies.

A system of data organization should be adopted and should be communicated to all members of a research group and to the appropriate administrative person.

Where feasible, all original primary data are to be retained by the scholar or by his or her designee. Accepted practices for retaining data vary among disciplines and depend on the perishability, nature, and logistics of retaining each type of data. Each investigator should treat data properly to ensure authenticity, reproducibility, and validity and to meet the requirements of relevant grants and other agreements concerning the retention of data. Primary data should be reserved for a reasonable duration to ensure that any questions raised by the researcher, colleagues, or readers of any published results can be answered.

Authorship

Investigators should understand and properly fulfill their responsibilities with respect to authorship consistent with the Auburn University Montgomery Copyright Policy. See Chapter 6, Section 6.3.1 of the Auburn University Montgomery Faculty

Handbook. Additional resources on authorship can be found on the AUM Libraries website.

Research Misconduct

The University believes that the academic community must do everything within its power to ensure integrity in scholarship and research, and as part of that responsibility has in place detailed procedures for dealing with allegations of misconduct in a timely and fair manner. See Chapter 6, Section 6.2.1 of the Auburn University Montgomery Faculty Handbook.

Changes in the Project

Change in Key Personnel

Whenever there is to be a significant change in the level of participation in the approved project by the project director, program director, or Principal Investigator, the University must notify the awarding agency as soon as such information is known. Significant change in level of effort is defined as relinquishing active direction of the project either permanently or for a continuous period of more than three months or a 25 percent reduction in time devoted to the project. Since approval of a project has, to some extent, been based on the participation and/or qualifications of the named key personnel, the awarding agency requires notification and the option to approve or disapprove alternate plans for conducting the activity.

Change in Scope or Objectives

Approval from the awarding agency is required for a proposed change in the phenomenon or phenomena under study or the specific aims of the project stated in

the proposal or agreed modifications. When in doubt, it is best to err on the side of over-communicating with your agency program officer.

Changes in Timeframe Approval of the sponsoring agency is required for changes in the effective date, termination date, and due date for deliverables or technical reports.

Change in the Effective Date

Pre-award costs are those costs that are incurred before the effective date of the project. Most sponsors require their approval before an investigator may charge pre-award costs to the project. A provision for pre-award costs in the terms of the contract is the most acceptable documentation of sponsor approval. A letter from the contracting officer or grant officer approving pre-award costs is also acceptable.

Many Federal grants are awarded under the terms of Expanded Authorities. Contact the Office of Sponsored Programs if you are unsure whether or not your project is awarded under Expanded Authorities. The terms of Expanded Authorities allow the University to incur costs up to 90 days before the effective date of the project. The costs to be incurred must be necessary for the conduct of the project and must be allowable under the potential award. The PI (and department) assumes responsibility for covering the obligations and expenditures in the event that the award does not come through.

No-cost Extension

Extending the termination date of the project or the due date for deliverables or technical reports requires sponsor approval.

For most grants awarded under Expanded Authorities, the University has the authority to extend the termination date one time, for a period up to one year beyond the original termination date. Please note that using up the remaining balance of the grant is not an acceptable justification for extending the termination date.

No cost extensions to projects do not increase the amount of the University's original fiscal obligation (e.g. cost sharing). The no cost extension does, however, extend the time period during which the University may perform the work.

Procedure for Requesting Sponsor Approval

All requests for changes in the project must be countersigned by an authorized institutional representative.

Property Administration

The property clause of the sponsored agreement or the applicable agency guidelines will specify the title-holder of equipment purchased with sponsored funds or equipment received from the sponsoring agency. When federal funds are used to acquire equipment, it is important that the PI understand the approved use and accountability differences between federally-titled equipment and University-titled equipment purchased with federal funds.

University-titled Equipment

There are important distinctions in treatment between property purchased under an award in which title is vested in AUM and title vesting in the Government, in terms of the Government rights to that property and the reporting requirements. For

example, AUM must report annually on Federally-owned equipment or equipment furnished by the Government. For equipment in which the title is vested in AUM, a listing of equipment acquired under the award needs be provided only at closeout. The property management standards require that AUM maintain records, available for Government review, concerning property acquired with Government funds.

Restrictions on Use of University-titled Equipment Acquired with Federal Funds

The University must use the equipment on the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of the Federal awarding agency. "Program" is defined in broad terms as the research program in which the investigator is engaged over a long period of time. When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other Federally-sponsored activities, in the following order of priority: (i) activities sponsored by the Federal awarding agency which funded the original project, then (ii) activities sponsored by other Federal awarding agencies.

During the period of time equipment is used on the project or program for which it was acquired, the Principal Investigator and department head shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal awarding agency that financed the equipment; second preference shall be given to projects or programs sponsored by other Federal awarding agencies.

Disposition of University-titled Equipment Acquired with Federal Funds

When the University no longer needs the equipment for the project or program, the equipment may be used for other activities in accordance with the following standards. For equipment with a current per unit fair market value of \$5,000 or more, the University may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment. If the University has no need for items of equipment with a current per unit fair market value of \$5,000 or more, the Principal Investigator should contact the Property Administrator in Sponsored Projects Services to begin the process of requesting disposition instructions from the Federal awarding agency.

Federally-titled Equipment

Title to Federally-owned property remains vested in the Federal Government. Federally owned property can be used only on an open award(s) to which the equipment has been assigned by the awarding federal agency. Any use of equipment other than for the authorized project requires that the University request "disposition instructions" from the awarding agency. It is imperative to contact the OSPR Director as soon as the equipment is no longer used on the authorized award.

The University is required to annually submit a listing of federally-owned property under the custody of the University to the awarding federal agency. The Director in OSPR is responsible for submitting these inventory reports.

Federally-owned property is acquired by either charging the cost of equipment directly to a Federal grant or contract with applicable Federal-title property clauses or by acquiring excess government equipment from a site outside the University. Federally-titled equipment transferred to the University from excess government property is referred to as "Government-Furnished Equipment (GFE)." Federally-

titled equipment acquired on one University award and transferred to another is also treated as Government-Furnished Equipment.

Government-Furnished Equipment must be included in the University's property record system. The PI is responsible for notifying the OSPR Director of the receipt of Government-Furnished Equipment and requesting University property tags for each item from Property Services.

Upon completion of the award or when the property is no longer needed for the project, the OSPR Director reports the property to the Federal awarding agency, requesting disposition instructions. The Federal awarding agency has the option of (i) approving use on another project, (ii) approving transfer of title to the University, (iii) requesting return of the equipment to the agency or a third party, or (iv) authorizing sale of the equipment and reimbursement to the Federal awarding agency.

Property Records for Equipment

Equipment records shall be maintained accurately and shall include the following information:

1. A description of the equipment
2. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number
3. Funding source of the equipment, including the sponsor award number
4. Whether title vests in the University or the Federal Government or other sponsor
5. Acquisition date (or date received if the equipment was furnished by the Federal Government) and cost
6. Split funding information, if more than one source of funding

7. Location and condition of the equipment and the date the information was reported.
8. Unit acquisition cost.
9. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates for the Federal awarding agency for the Federal share.

Inventory

A physical inventory of all equipment is taken every two years. The department head or designee will investigate and determine the cause for any differences between information determined by the physical inspection and that shown in the property records. The location, condition, current utilization, and continued need for the equipment will be verified as part of the physical inventory.

Maintenance

Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

Replacement of Equipment

When acquiring replacement equipment, the investigator may use the equipment to be replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment, subject to the approval of the Federal awarding agency. The PI needs to inform the Director in OSPR when an item of federally-titled equipment is approved by the federal sponsor for trade-in or sale. The Director

will issue instructions for the removal of the item from the University's equipment records and retain a copy for the project's property audit file.

Deliverables to Sponsor

When a contract provides for the acquisition, assembly or fabrication of equipment for delivery to the sponsor, the PI must furnish the Director in OSPR copies of shipping documents as proof of the delivery of the equipment to the sponsor. The Director will issue instructions for the removal of the item from the University's equipment records and retain a copy for the project's property audit file.

Transfer of Equipment from a Former Institution

A Principal Investigator transferring to AUM from another institution is required to register equipment from the former institution in the University property system. This provides insurance coverage for these items. The PI needs to provide his/her departmental administrator a list of these items, including the description, serial number, model number, and title holder. Any documents of loan, title holder, or approval of transfer from the former institution need to be attached to the list of inventory items. The departmental administrator will forward the list of inventories and supporting documents to OSPR.

Transfer of Equipment from Auburn University to a New Institution

Equipment purchased with sponsored funds for use on a specific project normally remains available for use for the duration of the project. Principal Investigators who are in the midst of projects that included funding for equipment and who will

continue the project at a new institution with sponsor support may arrange to have the equipment transferred with them. However, if the transfer is to an entity outside the U.S., an export license may need to be obtained from the U.S. Government. Approval of the Department head, Dean, OSPR Director, and the Provost is needed before the equipment may be transferred.

Equipment purchased on grants and contracts may still be titled to the sponsoring agency. When this is the case, Auburn must obtain sponsor approval for transferring it to another institution.

- Only the Vice President for Research and Economic Development is legally authorized to give approval for transferring grant/contract-related equipment to another institution.
- Transfers of equipment and technology outside the U.S. may require prior U.S. Government approval (contact AUM's Facility Security Officer).
- It is important to begin the approval process early, since it may take time to move the request through the university process and obtain the appropriate government approvals, if required.

Use of University Equipment for Non-university Purposes

Equipment acquired with sponsored funds may not be used to provide services to nonfederal outside organizations for a fee that is less than private companies charge for equivalent services. The fee revenue is treated as program income. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal government is permissible only if authorized by the Federal awarding agency.

Loss, Damage, or Theft of Equipment

Any loss, damage, or theft of equipment shall be investigated, fully documented and reported immediately to the Office of Risk Management. A delay in reporting loss, damage, or theft may jeopardize insurance recovery. If the equipment is owned by the Federal Government, the PI must promptly notify the Sponsored Programs Property Administrator and the Federal awarding agency. Property inventory records must be updated.

Property Control Systems Analysis

The Office of Naval Research (ONR) annually reviews the property system. OSPR will send each department a list of Federally-titled equipment prior to the review. The data should be checked for accuracy and the equipment should be inspected for proper location, use, and condition. The University takes the ONR review very seriously. An unsatisfactory rating of our Property Control System has serious implications for our Federal research program.

Reference: Section 200.310 – 200.316 (Property Standards) of the Uniform Guidance.

Additional information regarding equipment, including specific sponsor regulations and forms can be found on the Equipment page of the OSPR web site.

The End of the Project

Allowable Expenditures near the End of the Project

Where a funding period is specified in the award document, the investigator may charge the project for only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the awarding agency. Investigators must consider the lead time required in ordering goods; items must be delivered and used for the benefit of the project. Auditors will review expenditure activity at the end of the project period. A large amount of orders placed at the end of a project may give the appearance of spending up the available budget balance for goods to be used for future research. This is called "stockpiling" and is not allowable.

After Project End Date

Valid post-termination expenditures are those charges that post to the account after the end date (within the closeout period specified by the sponsor), but actually occurred before the end of the project. Some examples are:

- Payroll for hours worked prior to the end date, but paid and posted after the end date.
- Long distance telephone charges (which usually lag one month) for services provided within the performance period.
- Liquidation of valid purchase orders (that were encumbered in the University system prior to the end date.
- Expense transfers and corrections of errors (Departmental Error Corrections or Salary and Wage Transfers) that either move expenditures, or transfers allowable expenditures to the account.

The Office of Contracts & Grants Accounting will review all post-term expenses for validity. Detailed backup documentation may need to accompany post-term expenses in order to evaluate and determine the direct benefit to the project.

Termination before the End Date

A project may be terminated by the sponsor, the University, or by mutual agreement of both the sponsor and the University. The award agreement and/or agency regulations 56 specify the process for terminating a project before the end date. If you receive a notice of project termination, please contact your Contract Administrator in the Office of Sponsored Programs as soon as possible.

Transfer of the Project to another University

When the PI on a research project transfers from AUM to another institution, the project, under the same Principal Investigator, may be supported at the new institution. The first step is for Auburn University to "relinquish" its interests and rights in the grant. Some agencies, e.g., NSF, NIH, have a form for this purpose. The investigator will be asked to estimate the amount of unobligated funds remaining on the project. This figure will be verified by OSPR, in collaboration with the Office of Contracts and Grants Accounting. Department head concurrence for the transfer (letter or e-mail) will also be requested. After receiving the relinquishing statement from the University, the sponsor will terminate the grant with AUM and establish a grant with the new institution for the remainder of the project.

The process is the same for non-Federal sponsors. AUM will "relinquish" its interest in the grant and return unexpended funds to the non-Federal sponsor. The sponsor will then establish an agreement with the new institution.

When the amount of time and funds remaining in a project are modest, and if both the University and the new institution are in agreement, the University may issue a

subaward to the new organization for completion of the project. Sponsor approval and the approval/assignment of a replacement Principal Investigator are required before a subaward may be issued. In no event will funds be transferred from Auburn University to the new institution without sponsor approval and a subcontract.

Gift funds and funds remaining at the end of a fixed-price contract are considered University funds and are not available for transfer to the new institution.

Equipment purchased with sponsored funds for use on a specific project normally remain available for use for the duration of the project. Principal Investigators who are in the midst of projects that included funding for equipment and who will continue the project at a new institution with sponsor support may arrange to have the equipment transferred with them. Approval of the Department Head, Provost, and the Director of OSPR is required before the equipment may be transferred.

A PI Grant Transfer Checklist is available on the OSPR website to assist with facilitating a transfer from AUM to another institution.

Final Financial Report

A final financial report is required for most cost-reimbursement contracts and grants. The Office of Contracts and Grants Accounting prepares the financial report and submits the report to the sponsor. Most sponsors require the final financial report within 90 days of the termination date of the project. In the case of projects with the State of Alabama and sub-agreements (for which Auburn is not the prime recipient of funds), the date for the submission of the final financial report varies but is normally between 30 to 45 days following the termination date of the project.

Final Technical Report

The PI is responsible for preparing and submitting the final technical report to the sponsor. The PI does not need to send OSPR a copy of the final report. If the final technical report is late, the sponsor will contact Sponsored Programs and, for some sponsors, there may be repercussions related to future funding or submission of new proposals by the investigator. In some cases, these repercussions can have an adverse effect on the University, thus submission of timely reports are critical.

Refunds to Sponsor

At the end of a cost-reimbursement project, the Office of Contracts and Grants Accounting will refund to the sponsor cash received in excess of expenditures (if any). Remaining Balance on Fixed Price Accounts If the project costs less to complete than the contract price, the funds remaining at project completion are discretionary and the residual balance is handled in accordance with the “Fixed Price Residual Balances Policy.”

Audits

Sponsored grants and contracts are subject to audit by Auburn University Montgomery internal audit staff, the State of Alabama, the Department of Health and Human Services (our cognizant audit agency), Single-audit (previously A-133) auditors, and individual sponsors. The Controller of the University is the official contact for all audits; the Office of Contracts and Grants Accounting, in collaboration with the Office of Sponsored Programs and Research, assists in coordinating these audits. If an auditor contacts you directly, refer them to the Director of Contracts and Grants Accounting or the Controller.

Audit Letter

The audit agency notifies the University of an audit by letter. The letter should clearly define the scope of the audit and the date. Sufficient lead time is necessary in order to pull appropriate documents and schedule office space for the auditor.

Role of the Auditor

Auditors are not "The Bad Guys." Auditors provide the important function of keeping the system in balance and protecting the public. Occasionally, the auditor provides valuable feedback and advice to management for making improvements to the process and internal controls.

Role of Central Administration

Central administrators from Contracts and Grants Accounting and Financial Reporting serve in the role of host. They should be the single point of contact between the auditors and institutional staff, coordinating interviews, monitoring the flow of information, and ensuring that the auditors have appropriate space and equipment. The central administrators monitor the audit to ensure that the audit is conducted within the rules of accepted audit practice and to ensure that the audit is conducted within the originally-defined scope. The Controller (in collaboration with the Vice President for Research and Economic Development) shall have the final say in responding to the audit on behalf of the University.

The Audit Process

The auditor may conduct an "Entrance Conference" with the Principal Investigator, departmental administrator, and representatives from Contracts and Grants Accounting 59 and/or Financial Reporting. The purpose of the Entrance Conference

is to define the scope of the audit and lay the ground rules for the audit. The auditor will assess the competence and attitude of the University central administrators as well as the Principal Investigator and departmental business personnel. The auditor will also look at our internal control system, i.e., policies and procedures, and monitoring mechanisms. Based on this assessment, the auditor will determine to what extent he or she can rely on the University systems and the relative risk associated with the audit. In other words, if the University makes a good impression, the auditor will develop an audit plan, selecting transactions on a sample basis to verify that the system is working. If the University makes a bad impression, the auditor will have no choice but to "look at everything." Auditors will discuss their "findings" with the central administrators. It is the job of central administration to know the regulations and defend the University if we are operating within the rules (and to concede if we are not). Depending on the type of audit, the University may or may not have the opportunity to respond to the findings and may or may not receive a copy of the final audit report.

Audit Tips

- Do not make the auditors do your work; pull the records for the auditors.
- Do tell the truth and answer questions honestly and directly.
- Do not do the auditors' work for them; limit your response to the question being asked. •
- Call a central administrator if you ever feel uncomfortable about the way an audit is being conducted.
- Do not tamper with or manufacture records. If you have no records, say so. This is not the time to create records.
- Be alert. Auditors may not know the regulations applicable to your project as well as you do.
- Auditors are people too. Kindness and respect go a long way.

Definitions

- 1) **Allocate:** a cost incurred that advances the work of a sponsored project and is chargeable to a particular cost objective
- 2) **Allowable:** a cost incurred that is reasonable, allocable, consistent, and conforms to limitations or exclusions of the sponsor
- 3) **Award:** a grant, contract, subcontract, sub grant, or cooperative agreement that provides funding from an external sponsor of a sponsored project and is entered into between the sponsor and AUM
- 4) **Cost sharing:** the portion of a sponsored project cost, cost sharing may involve cash and/or in-kind contributions, and may consist of institutional funds or funds from outside sources
- 5) **Cost Transfer:** moving expenditures from one account to another
- 6) **Direct Costs:** costs that can be identified specifically with a particular final cost objective for a sponsored project, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such an activity for a particular sponsored project with a high degree of accuracy
- 7) **Effort Reporting:** an after-the-fact certification of the percentage of effort directly devoted to sponsored projects, including contributed effort; i.e. cost sharing. The certification also includes a verification that PI/Co-PI's and other sponsored project employees are not charging more than 100% of their time to sponsored projects
- 8) **Indirect Costs or Facilities and Administration Costs (F&A Costs):** costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project

- 9) **Instruction Project:** any project involving teaching or training activities funded by an external sponsored grant or contract, excluding research training activities, which are considered research projects
- 10) **OMB Circular A-21:** United States Management and Budget (OMB) Circular A-21, “Cost Principals for Educational Institutions,” relocated to 2CFR, Part 220, as revised or superseded
- 11) **Principal Investigator:** a single individual who, in the event of an award from an external funding agency, shall have the full and final responsibility for the conduct of the sponsored project as proposed and as set in the award
- 12) **Program Income:** gross income earned by the non-federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Program income includes but is not limited to 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
- 13) **Progress Reporting:** the technical report submitted by the PI to the sponsor as required by the sponsor guidelines
- 14) **Public Service Project:** any project involving activities other than instruction or research such as public health and community service projects
- 15) **Research Project:** a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. It also involves the training of individuals in research techniques where such activities utilize the same facilities as other research activities
- 16) **Sponsored Project:** a project funded by an external sponsor through a grant or contract with AUM where one or more of the following obligations apply (examples of sponsored projects include but are not

limited to instruction projects, public service projects, or research projects):

- a) **Financial obligation** -AUM is required to comply with conditions imposed when a sponsor awards funding for the performance of services or delivery of products described in a statement of work;
- b) **Regulatory obligation** -AUM is required to comply with sponsor regulations, which may include federal or state regulations;
- c) **Reporting obligation** -AUM is required to provide to the sponsor technical performance reports or regulatory or administrative reports;
- d) **Performance obligation** -AUM is required to perform within a certain period and may be required to meet other specified requirements related to performance;
- e) **Accounting obligation** -AUM is required to establish a separate accounting record of project expenditures to demonstrate allowance of costs, to maintain financial accountability, to provide financial reports to the sponsor, and to preserve appropriate records for audit purposes.

17) **Uniform Guidance:** OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR Part 200, et al. The Office of Management and Budget (OMB) issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in the Federal Register. The Uniform Guidance replaces the administrative, accounting, and audit rules and principles promulgated in the OMB Circulars, including A-21, A-110, and A-133.

18) **Matching Alternative:** Used to satisfy all or part of the required grantee share of the project or program.

19) **Additive Alternative:** Added to funds committed to the project or program and used to further eligible project or program objectives.

- 20) **Deductive Alternative:** Deducted from the total allowable costs of the project or program to determine the net allowable costs on which the federal share of costs will be based