POCKET COMPLIANCE GUIDE FOR
SPONSORED PROJECTS

215-P-COMPLY
www.upenn.edu/215pcomply
Confidential Reporting and Help Line

The Principal Investigator (PI) is ultimately responsible for ALL aspects of the sponsored project — both the scholarly activity and proper fiscal administration. Working with the PI to support the PI's role, the University is responsible for establishing administrative systems and processes.

GRANTS MANAGEMENT BEST PRACTICES

The Principal Investigator (PI) coordinates proposal submission, project planning, operation and closeout activities with the departmental Business Administrator (BA) or Grants Manager.

1) Project Planning/Proposal Submission
In this phase, the PI must:

▸ Be aware of important University, sponsor or other project-related due dates requiring attention. The Office of Research Services (ORS) requires all proposals in final form three days prior to the sponsor's deadline.

▸ Working with the BA, develop a proposal development plan that includes sufficient time for necessary review and approval from such areas as the Institutional Review Board (IRB), Institutional Animal Care and Use Committee (IACUC), Environmental Health and Radiation Safety (EHRS), Conflict of Interest Standing Committee (CISC), Department, School and University.

▸ When proposing a new project, determine that the level of effort required to complete the project can be met relative to existing effort commitments.

▸ Working with the BA, prepare a budget that reflects costs that are necessary and appropriate to the project.

▸ Review proposed subawardee's budget to determine that requested costs are appropriate for the scope of work.

▸ Recognize that his/her signature/certification on submitted proposals demonstrates that he/she has a responsibility to the sponsoring agency and to the University for adhering to applicable policies and procedures.

▸ Ensure that appropriate financial disclosures are submitted to the Office of the Vice Provost in accordance with Conflict of Interest policies.

- ▶ Recognize that administrative requirements placed on BAs and other sponsored program administrators are part of their responsibility as well.

- ▶ Understand that electronic submission may require tracking and follow up of submitted proposals. For example, NIH proposals must be viewed in the NIH Commons after submission in order to address errors and/or warnings.

2) Award/Account Set-Up/Documentation
The following information should be maintained for each award during the life of the project and up to seven years after the completion of the research or possibly longer as dictated by the sponsor or University policy:

- ▶ **Notice of Award (NOA):** Specifies requirements such as a) whether project changes are allowable, b) the project deliverables, c) whether remaining balances must be returned to the sponsor or carried over to future years, d) program income.

- ▶ **Account Information Summary (AIS):** Summarizes the account such as the award start and end dates, total award amount, the Ben Financials account number, and special award terms and conditions. This should be reviewed to ensure that it accurately summarizes the information from the notice of award. The AIS does NOT substitute for the review of the award notice.

- ▶ **Communications:** Correspondence among Penn, the project sponsor and other appropriate parties (e.g., subrecipients) related to the award.

- ▶ **Expenditures Documentation:** Documentation that demonstrates that all expenditures applied to the award have been appropriately authorized by the PI and that they are allowable, allocable and reasonable.

- ▶ **Financial Accounting:** Documentation of spending patterns and commitments to monitor potential overspending or underspending.

- ▶ **Subawards:** For each subaward requested, a subaward request form is to be sent to ORS. Once established, the PI is to ensure that appropriate progress is being made by the subawardee, invoices are reviewed and approved, and that all deliverables are received prior to final payment being made.

3) Operations
- ▶ Develop and use a grant check list that lists important grant dates and activities such as due dates for periodic and final progress reports, technical reports and competitive renewals.

- ▶ Business Office and/or BA periodically reconcile award expenditures for review and verification by the PI.

- ▶ PI is aware of the funds available to support the sponsored project.

- ▶ PI is aware of terms and conditions imposed by the Sponsor.

- ▶ BA prepares and maintains adequate documentation of project changes for review and approval by PI. Note that some changes require prior approval from the sponsoring agency such as a) changes in key personnel, b) the absence of PI from the project for more than three months, c) significant reduction in PI effort and/or d) changes in the scope or direction of project. Also, see sections on Effort Reporting, Direct Costs and Allowability, and Cost Sharing.

4) Award Close-Out

When a sponsored project ends, certain administrative actions are required to ensure an orderly closing of the grant or contract. While these requirements vary by sponsor, the following are necessary for most projects:

- ✓ Final Technical Report/Final Progress Report

- ✓ Final Report of Inventions

- ✓ Final Inventory of Equipment

- ✓ Final Financial Report (including cost-sharing)

Delinquent progress and invention reports can be cause for a Sponsor to withhold future funding to the Investigator and/or Penn. At least three months prior to expiration of the budget period, the PI and BA should carefully review the project's financial status. All necessary adjustments (e.g., journal entries, payroll reallocations) should be made during the course of the budget period and must be made before the end of the adjustment period (typically 60 days after the budget period end date).
Important considerations include:

- ▶ Ensuring completeness, accuracy and allowability of all categories of direct costs before the close of the budget period.

- ▶ Planning for updates to the payroll and procurement systems to ensure a smooth transition of financial activities to a new fund number or funding source during the closeout phase.

PI Transfers to Another Institution:

For information on procedures for PIs transferring a grant to another institution refer to Procedural Guidelines for Principal Investigators ("PI") Leaving the University of Pennsylvania: Handling Awards, Research Materials, Equipment and/or Other Research-Related Issues at www.upenn.edu/researchservices/pdfs/Procedural Guidelines for PIs Leaving Penn Final 6-29-10.pdf

EFFORT REPORTING

Research universities must maintain an acceptable effort reporting system that allows responsible individuals to reasonably certify the portion of total effort expended in support of each project. Penn certifies effort for all individuals who work on sponsored projects.

▶ Effort reports are to be completed using reasonable estimates of actual effort, not payroll distributions. Penn uses payroll distributions to initially estimate effort, but these distributions must be changed if the distribution differs from the actual effort expended.

▶ Effort reports must include all University-compensated activities but not activities for which the individual is paid from sources outside the University, such as the VA, CHOP or outside consulting work.

▶ Effort reports must total 100%, regardless of the number of hours worked or the appointment status of the individual.

▶ Effort reports must be completed by the individual whose effort is being reported OR by a responsible person with access to reliable documentation about how effort has been expended.

▶ Some sponsored projects, including NIH awards and certain Commonwealth of Pennsylvania awards, set caps on the salary that can be paid from the award, which may result in cost sharing. More information can be found in OMB Circular A-21, on the Research Services website at www.upenn.edu/researchservices or from the PennERS team.

▶ Other valuable effort reporting resources include:
www.upenn.edu/researchservices/effortreporting.html
ers_help@isc.upenn.edu (PennERS team)

DIRECT COSTS and ALLOWABILITY

Sponsored Project Policies 2110 and 2138 describe the general requirements for charging project expenditures directly to sponsored projects. Some types of costs can never be charged to federal awards while others can only be charged in certain circumstances (see OMB A-21, Section J). In general:

▸ Direct costs must be specifically identified with a particular project.

▸ Direct costs must be allocable, or charged in proportion to their benefit to a project.

▸ Direct costs must be reasonable, reflecting the conservative actions of a "prudent person."

▸ Direct costs must be allowable, and not explicitly prohibited by law, regulation, policy or the award terms.

▸ Direct costs must be charged in a timely manner—cost transfers should be processed when an error is discovered or within 90 days of month's end.

▸ Direct costs cannot include costs normally charged as indirect costs such as administrative and clerical salaries or office supplies. However, University policies and Sponsors may, in certain circumstances, permit the direct charging of these costs. Refer to the Sponsored Projects Policies 2110 and 2138 at www.finance.upenn.edu/vpfinance/fpm/2100/2101.asp

COST SHARING

▸ Cost sharing refers to the portion of project costs that are not borne by the funding agency; cost sharing cannot generally be funded by a federal award.

▸ If cost sharing is required in the notice of award (mandatory cost sharing), it **must** be provided – and the cost sharing must have been authorized by Penn.

▸ Project costs which have been identified in the proposal but for which funding has not been requested from the sponsor (voluntary committed cost sharing) **must** be provided.

▸ Mandatory and voluntary committed cost sharing must be documented and tracked.

▸ If cost sharing is provided through contributed PI effort, that time **must** be spent on the project.

▸ Unallowable costs cannot be used to satisfy mandatory or committed cost sharing obligations. The expenses must be necessary and reasonable for proper and efficient accomplishment of project objectives. Refer to Sponsored Projects Policy 2119 at

www.finance.upenn.edu/vpfinance/fpm/2100/2101.asp

▶ Costs used to provide a direct benefit to one project cannot also be considered cost sharing on a second project (double counting).

RECORDS RETENTION

Records and documents related to sponsored agreements at Penn must be maintained in accordance with the University of Pennsylvania Records Retention Schedule.

Refer to Records Retention Schedule at www.archives.upenn.edu/urc/recrdret/entry.html
See also Sponsored Project Policy 2132 at www.finance.upenn.edu/vpfinance/fpm/2100/2101.asp

RESEARCH EDUCATION AND TRAINING

As part of its commitment to researchers and research sponsors, Penn offers programs for educating research personnel and promoting responsible behavior related to participation in research. The specific training requirements for an individual involved in research and whether such training is mandatory or voluntary depend on several factors, including the sponsor, the nature of the research, the type of award, career stage, and the individual's role in the research. For example, federal programs governing research activities often include a training mandate, and some faculty, students and staff have additional training requirements related to their role as health care providers.

Most but not all required training is assigned by Penn Profiler, a web-based tool that enables researchers to self-identify many of their training needs on an annual basis. Training assigned by Penn Profiler can be completed through Knowledge Link, a learning management system that delivers University and Health System-related training.

The Office of the Vice Provost for Research and its reporting offices make research training available in the following areas:

Human Subjects Protection www.upenn.edu/regulatoryaffairs/
Animal Research www.ular.upenn.edu/
Environmental Health and Radiation Safety www.ehrs.upenn.edu/resources/training/
Responsible Conduct of Research www.upenn.edu/research/rcr
Sponsored Projects Compliance www.upenn.edu/researchservices/training.html

The School of Medicine also sponsors programs addressing the training needs of its graduate students (Biomedical Graduate Studies) and postdoctoral fellows (Biomedical Postdoctoral Program). More information on research training can be found at www.upenn.edu/research/rcr

COMPLIANCE RESOURCES

Internal Resources

Office of Research Services
215.898.7293
www.upenn.edu/researchservices

Vice Provost for Research
215.898.7236
www.upenn.edu/research

Institutional Review Board
215.573.2540
www.upenn.edu/regulatoryaffairs

**Institutional Animal Care
and Use Committee**
215.573.2540
www.upenn.edu/regulatoryaffairs

**Environmental Health and
Radiation Safety**
215.898.4453
www.ehrs.upenn.edu/

Center for Technology Transfer
215.898.9591
www.ctt.upenn.edu/

Office of General Counsel
215.746.5200
www.upenn.edu/ogc

PennERA
www.pennera.upenn.edu/

BenReports (AIS on-line)
www.finance.upenn.edu/ben/benrep/

School of Medicine:

**Office of Research Integrity
and Compliance**
215.573.8800
www.med.upenn.edu/comply/secure/

Office of Human Research
215.746.7400
www.med.upenn.edu/ohr

Office of Research Support Services
215.573.2290
www.med.upenn.edu/orss

Have a compliance concern or question?
Contact the
Office of Institutional Compliance
215.573.4806
www.upenn.edu/audit/compliance/index.htm

Or, use Penn's Confidential Reporting
and Help Line by calling **215-P-Comply**
or logging onto
www.upenn.edu/215pcomply

Also see Principles of Responsible Conduct
www.upenn.edu/audit/oacp_principles.htm

External Resources

OMB Circulars
www.whitehouse.gov/omb/circulars/index.html

NIH Grants Policy Statement
grants.nih.gov/grants/policy/policy.htm

NSF Web Site
www.nsf.gov/index.jsp

Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
www.fsc.org Cert no. GFA-COC-002105
© 1996 Forest Stewardship Council

Penn
UNIVERSITY of PENNSYLVANIA