



OFFICE OF RESEARCH ADMINISTRATION

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“Yale has a clear obligation to comply with all regulations pertaining to the administration of federal grants, and we will spare no effort to remedy any deficiencies in our practices.” *President Rick Levin*

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Welcome

Welcome to the inaugural issue of the Office of Research Administration Newsletter. The purpose of the Newsletter is to provide up-to-date information on topics of interest to principal investigators, project directors, and staff. Over the coming months we will be focused on issues related to financial compliance on sponsored projects, the 100-Day Plan and projects arising from that initiative, and new policies and procedures. However, the Newsletter will also serve to inform its readers about other areas of research compliance as they arise. We plan to feature communications from other research compliance offices and articles about responsible conduct of research as well as important updates from major sponsors. From time to time we will publish notices of research administration training opportunities (at Yale and elsewhere) and redacted case studies from the Expenditure Review Panel to help guide PI's and staff in the administration of their awards.

All suggestions, comments, or submissions for publication are appreciated. Please direct these to Andrew Rudczynski, Office of Research Administration, <andrew.rudczynski@yale.edu>

100-Day Plan Update

The purpose of the 100-Day Plan was to accelerate improvements that were already underway in the area of financial administration of sponsored projects. Progress on the 100-Day Plan, which began on August 1 continued during the months of September and October and concluded in early November. One significant activity that involved departments was the accelerated roll-out of the SciQuest purchasing tool. During the month of October a number of other initiatives moved from planning and design into the implementation stage. As a result, departments saw a number of additional changes which included:

- Upfront, centralized review and approval of cost transfers on federal sponsored research projects;
- A new effort reporting form and a modified procedure for certifying effort reports;
- New and updated policies related to the financial administration of sponsored awards;
- Training for business office staff on financial administration of sponsored projects;
- A quick reference guide for faculty regarding financial administration of sponsored projects; and
- A new Account Holder Report for Principal Investigators for reviewing the financial status of their sponsored projects on a regular basis.

Additionally, training for faculty regarding financial administration of sponsored projects was announced and sessions are currently being scheduled.

Work is underway to understand and address long-term improvement needs beyond the 100-day time frame. If you have suggestions for improvements to research administration activities at Yale, please e-mail Andrew Rudczynski, AVP for Research Administration, at andrew.rudczynski@yale.edu with a subject line of “Research Administration Improvement Opportunity”.

EXPENDITURE REVIEW PANEL

Costs on federal sponsored projects are permitted if they meet the criteria of allowability, allocability, and reasonableness and they conform to the cost principles enunciated in Office of Management and Budget Circular A-21, Cost Principles for Institutions of Higher Education. These federal cost principles provide guidance on which costs are to be treated as direct costs, which are to be treated as F&A (indirect) costs and which costs are clearly unallowable. In some instances, some charges may be allowable on one grant but not on another. Because the question of permitted costs is fact driven, it is impossible to say that every cost is always allowable on every award, or conversely that certain costs are always unallowable on grants (with a few exceptions such as alcohol charges). See Table on page 3.

Experience has shown that knowledgeable individuals may vary in their interpretations of the principles and that departmental grant administrators often consult with colleagues or call FAS Grants and Contracts Administration (FAS GCA), YSM Grants and Contracts Administration (YSM GCA) or Grants and Contracts Financial Administration (GCFA) to seek answers on these often nuanced questions. In order to avoid inconsistencies in answers, difficult questions regarding permissible costs should be directed to the Office of Research Administration (ORA) and a determination of allowability on the specific costs will be made according to:

- a. The terms and conditions of the award
- b. The sponsor's award administration documents
- c. University Policy
- d. Federal cost principals (OMB Circular A-21) if applicable
- e. If necessary, consultation with the sponsor

ORA has formed a panel of knowledgeable individuals from ORA (Alice Tangredi-Hannon), GCFA (Fran Dykstra), FAS GCA (Suzanne Polmar) and YSM GCA (Penny Cook) and Internal Audit (Bob McNeil) who will make informed judgments on the allowability of

questioned costs. This panel will consult with faculty advisors on an as needed basis. The goal of this panel will be to provide uniform guidance on the allowability of costs. From time to time the panel will also publish redacted case studies and analysis in the ORA newsletter in order to educate the research community.

For further information or questions regarding questioned costs contact expenditurereviewpanel@yale.edu with the Subject Line: "Allowability of Costs". Questions on allowability should fully describe the nature of the questioned cost, identify fully the sponsored project award, and describe why an examination of the questioned costs and the terms of the award has not resolved the issue.

OTHER NEWS

On September 25 Alice Tangredi-Hannon joined the Office of Research Administration team at Yale in the position of Research Compliance Officer, reporting to Andy Rudczynski, Associate Vice President for Research Administration and Shauna King, Vice President for Finance and Administration. Alice's initial focus areas will be policies and training. Alice joined Yale from the University of Pennsylvania where she served as the Institutional Compliance Officer. Her accomplishments there included the implementation of a new web-based effort reporting system as well as the development and implementation of a certification program for staff involved in the financial administration of sponsored projects. Alice has 30 years of experience in the Research Administration profession. Prior to joining Penn, Alice directed the Sponsored Projects Offices at Brown University and Thomas Jefferson University. She has served as national officer of the National Council of University research Administrators and served on the Board of Directors of the Council on Governmental Relations. Alice is actively engaged on the 100-Day Plan for improving research administration with responsibility for the Effort Reporting, Training, Policy Implementation, and Roles and Responsibilities initiatives.

OFFICE OF RESEARCH ADMINISTRATION MISSION STATEMENT

To coordinate the activities of the various University offices providing support to faculty, staff and students on sponsored projects, to assure that service provided by those offices is of the highest caliber and professionalism, and to serve as an effective representative for the research enterprise at Yale University and nationally.

Did you know that...

- Terms and conditions applicable to an award often will be found in a proposal announcement or guide. For example, the National Science Foundation's (NSF) Grant Proposal Guide states, "No NSF funds may be spent on meals or coffee breaks for intramural meetings of an organization or any of its components, including, but not limited to, laboratories, departments and centers."
- Honoraria are not allowable as a charge against most government sponsored projects. They are considered a payment or reward where the primary intent is to confer distinction on, or to symbolize respect, esteem or admiration for, the recipient. Allowable services chargeable to a federally funded sponsored project should be classified as to the type of service, i.e., consulting fees, lecture fees, etc.
- Journals are not an allowable cost to a federal sponsored project if that journal is available in the University's library. The rationale is that an allocable portion of the library's acquisition costs are included in the University's Facilities & Administrative (F&A) rate. To purchase the same journal on a federal award and apply the F&A rate to that expense would be considered to auditors as double charging the federal government.
- Cost transfers can be a red flag to auditors that awards are not being managed properly. All cost transfers (including salary) made 120 or more days after the initial charge or 90 days or more after discovery, whichever is earlier, require an explanation for lateness as well as an explanation of benefit to the receiving award.

ALLOWABLE DIRECT COSTS ON FEDERAL AWARDS

The following chart is designed to provide the user with a better understanding of which expenditures on federal awards are **normally** considered allowable as a direct cost on a federal sponsored project. Not all expenditures are listed but rather, those most commonly used or questioned. All costs directly charged to an award must be necessary for the conduct of the award and comply with the sponsor's proposal preparation requirements, the terms and conditions of the award, and University policy. **Always consult the terms and conditions of the award to help determine allowability. Not all costs in the Normal Direct Costs column are appropriate to all sponsors.**

Please be aware that a cost which may be presented in a budget and that is awarded as requested does not

necessarily indicate that such a cost is actually allowable (see NIH Grants Policy Statement "Cost Considerations"). The University is still responsible for treating costs consistently and **must** not include costs normally associated with the Facilities & Administrative (F&A) cost rate as direct costs in budgets to federal sponsors. Certain costs such as administrative or clerical salaries may be allowable but only in specifically defined circumstances and should not be routinely included in budgets (see OMB Circular A-21 Exhibit C, page 5).

Note: This chart indicates when a particular cost is normally charged directly to a sponsored project or as an F&A cost. This listing of costs is not all inclusive but provides examples of those most commonly associated with sponsored projects.

Normal Direct Costs

COMPENSATION AND EMPLOYEE BENEFITS

Faculty, technicians, research associates and assistants, including graduate research assistants and other students performing scientific or technical work, post doctoral associates and other technical and programmatic personnel necessary to meet the goals of the project.

Normal F&A Costs

Administrative or clerical positions such as administrative assistants, accountants, office personnel, purchasing agents, executive assistants, and other administrators. Faculty on non-sabbatical/triennial leave.

TRAVEL & MEALS

That which is required to carry out the objectives of the sponsored project including travel to scientific sites

That which is related to administrative activities, food & drink during a lab meeting, entertainment (unallowable in the F&A rate as well), alcoholic beverages (unallowable in the F&A rate as well).

SUPPLIES

Laboratory and scientific supplies, including laboratory notebooks, glassware, chemicals, field supplies, compressed gases and liquids, radioactive material, software, animals. Parts and supplies related to scientific and technical equipment.

Office supplies, custodial supplies, parts and supplies associated with repair and maintenance of general purpose equipment and facilities, paper, forms, personal stationery, pads, pens, pencils, markers, printer and fax paper toner, and ink cartridges.

BOOKS & SUBSCRIPTIONS

Books and subscriptions not available in University or departmental library.

Books and subscriptions available in University or departmental library and general purpose books and reference materials.

EXTERNAL & INTERNAL COPYING

Copying of progress reports and non-competing renewals.

Copying of new grant proposals, purchasing documentation and timesheets, library copy cards.

ANIMALS & HAZARDOUS MATERIALS

Hazardous materials, animal purchases, animal per diems.

Radioactive waste

COMMUNICATIONS

Documented long distance calls

Local calls, telephone equipment purchases and installation/repair, cell phones and use, pagers, network charges (unless dedicated lines are required for large data transmissions with collaborators.)

PRINTING, PUBLICATIONS & ILLUSTRATION CHARGES

Reprints of manuscripts supported by award, scientific illustrative work and research subject recruitment.

Printing of proposals, advertising (dependent upon award).

POSTAGE & MAILING

Express service for time-sensitive samples

Express service of proposals and progress reports, local postage costs (depending upon award), international postage, bulk mail services (depending upon award) and University mail services.

PROFESSIONAL SERVICES

Lecture fee (not on research awards and depending upon training award) and consultant services.

Accounting services, legal, or audit services (unless specified in award).

EQUIPMENT

Scientific equipment (and maintenance contract)

General purpose equipment (unless used specifically and exclusively for scientific purposes).

OTHER

Human subject payments and subrecipient costs.

Dues and memberships, parking fines (unallowable in the F&A rate as well), taxes-non-payroll, and spouse/dependent tuition benefit.

Exhibit C – Examples of “major project” where direct charging of administrative or clerical staff salaries may be appropriate.

- Large, complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
- Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
- Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.
- Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the

situations illustrated in the examples. For instance, the examples would be appropriate when the costs of such activities are incurred in unlike circumstances, i.e., the actual activities charged direct are not the same as the actual activities normally included in the institution’s facilities and administrative (F&A) cost pools or, if the same, the indirect activity costs are immaterial in amount. It would be inappropriate to charge the cost of such activities directly to specific sponsored agreements if, in similar circumstances, the costs of performing the same type of activity for other sponsored agreements were included as allocable costs in the institution’s F&A cost pools. Application of negotiated predetermined F&A cost rates may also be inappropriate if such activity costs charged directly were not provided for in the allocation base that was used to determine the predetermined F&A cost rates.

See NIH Grants Policy Statement:

COST CONSIDERATIONS

http://grants1.nih.gov/grants/policy/nihgps_2003/NIHGPS_Part5.htm#_Toc54600125

SELECTED ITEMS OF COST

http://grants1.nih.gov/grants/policy/nihgps_2003/NIHGPS_Part6.htm#_Toc54600125

See NSF Grants Proposal Guide

http://www.nsf.gov/pubs/gpg/nsfo4_23/2.jsp#IIC2g

See Yale’s Policy 1403 *Charging of Administrative and Clerical Salaries and Certain other Expenses to Federal Fund*

<http://www.yale.edu/ppdev/policy/1403/1403.pdf>

GRANTS MANAGEMENT TRAINING FOR BUSINESS OFFICE STAFF

Training by business managers for business office staff continues during the months of November and December. This course is required for all individuals identified by business officers as having a responsibility for sponsored projects management. It is designed to raise awareness of University and sponsor policies and regulations governing sponsored projects, to provide practical advice on the administration of sponsored projects, and to provide the necessary tools to effectively administer the University’s sponsored awards. A quiz is included at the end of this course.

In order to register for the course:

- Go to: www.yale.edu/training
- Scroll down to the Yale University Office of Research Administration
- Select "Courses"
- Select "Grants Management Training for Business Office Staff"

A list of all sessions will appear. Please be sure to register for a session with available seats. Upon completing the registration process, an email is sent to the registrant indicating that their registration is pending. A follow-up email is sent when the registration is approved. If neither email is received, please contact susan.castaldi@yale.edu.

The University recently concluded negotiations with the Division of Cost Allocation in the Department of Health and Human Services (DHHS) resulting in a new Federal rate agreement. This agreement spells out the new Facilities and Administrative (F&A) rates that will be applied to federal grants and contracts through June 30, 2009.

F&A costs, often referred to in the past as indirect costs, include facility related expenses such as the operation and maintenance costs associated with facilities that support research, building and equipment depreciation, interest expense on external borrowing for the acquisition and renovation of research facilities and the costs that support the university's library system. F&A costs also include the expense of administering federally-mandated compliance programs, and the departmental and central costs needed to provide administrative support for researchers.

In addition to these actual costs, the calculation of the F&A rates also include the projected costs for the ongoing renovation of existing laboratory space and the addition of new research facilities, such as the Anlyan Center, the Class of '54 Chemistry Research Building and the Malone Biomedical Engineering Building. In addition to the depreciation and interest costs incurred as a result of these renovations and acquisitions there are the additional operating and utilities costs associated with the incremental space. The rate also includes a projection for the growth of direct research funding that is based on the federal agency forecasts, which are not as favorable as in the past. The new Yale F&A rates are in the same range as the F&A rates at Harvard, MIT, and Johns Hopkins.

The specific F&A rates that will be charged on new federal research awards over the next three years are shown below:

% of Modified Total Direct Costs

	On Campus	Off Campus	DOD Contracts	CMHC	VA
FY07	65.0%	26.0%	68.0%	39.2%	29.8%
FY08	65.0%	26.0%	68.0%	39.2%	29.8%
FY09	65.5%	26.0%	68.5%	41.5%	29.8%

Those awards that predate the new rate structure will continue to charge the rate in effect at the beginning of the award. Therefore many awards will continue at the 63.5% rate until their next competitive review. New awards beginning after the new rates were negotiated will use the 65.0% rate now, and the 65.5% rate starting 7/1/2008. In addition, we now have a separate rate for those awards classified as Other Sponsored Activities instead of Research.

The University and DHHS have also agreed that the full F&A recovery rate will now be used for those federal research grants and contracts that take place in leased space in the New Haven vicinity. The Modified On-campus rate had been used in prior years for these types of awards.

The Off Campus rates will continue to be applied to those grants located in leased space outside of the New Haven vicinity.

Also included in the agreement was an increase in the equipment capitalization level from \$2,000 to \$5,000 as of July 1, 2006. This means that starting July 1, 2006, equipment costing between \$2,000 and \$5,000 will no longer be capitalized, but will be treated as an expense subject to the F&A recovery rate.

Please contact Fran Dykstra (frances.dykstra@yale.edu, or 432-3071), Tom Jackson (thomas.jackson@yale.edu, or 432-3072), Suzanne Polmar (suzanne.polmar@yale.edu, or 432-2460) or Penrhyn Cook (penny.cook@yale.edu, or 785-6475) if you have any questions regarding these changes in F&A recovery rates and practices.

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