

Sponsored Projects Manual

University Policies and Procedures for
Requesting, Accepting, and Administering
Grants, Contracts, and Cooperative
Agreements

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1. Overview

1.1. Purpose and Scope

The Sponsored Projects Manual contains Marquette University's policies and guidelines regarding programs and projects sponsored by outside entities using grants, contracts, and cooperative agreements. Contributions, also called gifts and gifts-in-kind, are outside of the scope of this manual. Contributions are discussed in the University's Business Policies and Procedures I-13, "Gifts." The Office of the Comptroller determines whether the University classifies an award as a grant or as a contribution.

This manual is developed and periodically updated by the Office of Research and Sponsored Programs in collaboration with the offices of the Provost, Comptroller, Human Resources, Purchasing, Research Compliance, General Counsel, and the Committee on Research.

1.2. Glossary of Terms Commonly Used in this Manual

This glossary provides definitions for terms commonly used in this manual. Readers will find definitions for more specialized terms in the section to which they specifically pertain.

Applicant

Although Marquette University is the legal applicant and fiscal agent for grants, contracts and cooperative agreements, the term "applicant" is commonly used in ORSP reporting and in this manual to refer to the Marquette employee or designee who serves as the Principal Investigator or Project Director and who initiates and prepares the application or proposal. Where the legal distinction between the institution and the individual as applicant is relevant, this manual provides specific clarification and guidance.

Application or Proposal

The application or proposal is the written request for support submitted to a sponsor. At a minimum, an application includes a statement of work and a dollar request. Although applications and proposals are necessarily estimates, they are typically incorporated in the sponsor's award as a term or condition. For this reason, Marquette requires institutional review and approval of applications and proposals before they are submitted to a sponsor for consideration.

Notice of Award, Notice of Grant Award

The Notice of Award or Notice of Grant Award is a legal notice from the sponsor to the University that describes the terms and conditions of an award. Some sponsors require that the Institutional Authorized Official sign and return the Notice of Award, while other sponsors

regard the first expenditure of funds as notice that the institution has accepted the award. ORSP endorsement is required in both cases.

Principal Investigator (PI) or Project Director

The Principal Investigator (PI) or Project Director is the person designated by the University to direct the project being supported by the grant. This person is typically named on the cover sheet of the application or proposal and in the Notice of Grant Award. Responsibilities of the Principal Investigator or Project Director are described in each section of this manual.

The term **Principal Investigator** is commonly used by sponsors to describe the scholar with primary responsibility for the design, conduct, or reporting of a research project.

The term **Project Director** is commonly used to describe the person with primary responsibility for the design, conduct, or reporting of a training or other non-research project.

For economy, the term Principal Investigator and its abbreviation PI are used throughout this manual to refer to both Principal Investigators and Project Directors.

1.3. Authorities and Responsibilities

Awards for sponsored projects are legal instruments binding upon the University. A typical award agreement requires the University to:

- comply with the sponsor's terms and conditions.
- perform a defined scope of work, usually within a specified period of time.
- provide fiscal reports that are subject to audit.
- provide performance reports.
- return unexpended funds.

The authority to request and accept sponsorship is vested in the Board of Trustees and the President. The President has delegated this authority to the Office of the Vice Provost for Research and Graduate Programs and the Office of Research and Sponsored Programs, who are responsible for ensuring that the University has in place appropriate policies and procedures for the review and management of sponsored projects and sponsor funds.

The Principal Investigator is responsible for the scientific and scholarly merit of the project, compliance with regulatory requirements, project management, performance reporting and data retention, and the appropriateness and allowability of expenditures. Detailed roles and responsibilities are provided in each section of this manual.

Chairs and Deans provide local oversight for sponsored projects, including ongoing assurance that the sponsored projects conducted in their units meet the University's standards and that resources are available to support the projects. Detailed roles and responsibilities are provided in each section of this manual.

1.4. Marquette's Eligibility for Extramural Support

As a nonprofit institution, Marquette has the legal right to receive public and private grant money for activities relating to its "exempt purposes": the charitable, educational, religious, literary or scientific purposes for which Marquette was incorporated.

Marquette is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Service Code. Our IRS determination letter is dated February 4, 1970. Marquette has been further classified as an organization that is not a private foundation as defined in section 509(a) of the IRS Code. This additional determination letter is dated October 20, 1970.

Certain income that is unrelated to Marquette's exempt purposes is taxable (see IRS Publication 598, "Tax on Unrelated Business Income of Exempt Organizations"). The Office of the Comptroller keeps track of Marquette's unrelated business taxable income.

As an institution that holds publicly financed bonds, Marquette has obligations that restrict the use of its facilities for private business purposes. These restrictions are described in detail in IRS Revenue Procedure 97-14. Marquette can enter into research agreements with corporations so long as any license or use of resulting technology by the sponsor is permitted on the same terms that the University would permit that use by a non-sponsoring party (i.e., sponsors must pay a competitive price). Marquette's standard Educational Research Agreement is compliant with IRS Rev. Proc. 97-14.

1.5. Eligibility to Serve as Principal Investigator or Project Director

Because the University is the legal and fiscal agent for extramural awards, eligibility to serve as Principal Investigator is limited to those individuals with whom Marquette University has a formal written agreement that specifies an official relationship between the individual and the University. The agreement must enable the University to fulfill its responsibilities as fiscal and administrative agent of an extramural award.

The chair, dean, or area vice president who signs the Proposal Registration form is responsible for ensuring that individuals designated as PIs are eligible and qualified to lead the project being proposed.

1.6. Types of Awards

Sponsors use three main legal instruments to sponsor University projects: grants, cooperative agreements, and contracts. For the sake of economy, this manual uses the term "grant" to refer to all award types unless otherwise specified. Where the differences among the instruments are relevant, this manual provides specific guidance.

Grants

A grant is an assistance instrument, the primary purpose of which is to support the University in the pursuit of its mission. The project is initiated by the Marquette Principal Investigator or

Project Director, and the sponsor generally has no substantial involvement in the conduct of the project.

Cooperative Agreements

A cooperative agreement is an assistance instrument used by federal agencies in cases where the agency anticipates being substantially involved with the awardee in the programmatic aspects of the work.

Contracts

A contract is a procurement instrument. The primary purpose of a contract is to enable the sponsor to purchase services or goods from the University. Typically, the sponsor determines the scope of work and the desired outcomes and often specifies the methodology as well. Contract performance is closely monitored by the sponsor to ensure that the purpose of the contract is met.

1.7. Guiding Principles

In order to be eligible for federal support, Marquette must adhere to the regulations that govern the conduct of research and the management of extramural funds. Marquette employees must help the University preserve its eligibility for external funding by adhering to the requirements and policies of the University and the sponsor. The University has an obligation to help its employees understand and meet these requirements.

Excellence in scholarship goes hand-in-hand with prudent and consistent grant administration. The Office of Research and Sponsored Programs aims to preserve the University's eligibility for grants and enhance the University's reputation among sponsors by promoting best practices in grants administration. Excellent sponsored projects have:

- A Principal Investigator or Project Director who is responsible for the project's success and who understands and supports the administrative requirements of the award;
- A well-developed proposal with specific and thoughtful objectives and work plan;
- A thorough, accurate, fiscally sound, and well-administered budget;
- The support of the proposer's chair, dean, or administrative home;
- Outcomes that advance the University's mission: the search for truth, the discovery and sharing of knowledge, the fostering of personal and professional excellence, the promotion of a life of faith, and the development of leadership expressed in service to others.

Academic Freedom

The individual researcher has the inviolable right to determine the subject matter of his or her research and is solely responsible for his or her conclusions. Research methods are subject to limitation where (for example) they might harm human subjects, interfere with the ability of other scholars to conduct their research, or contravene University policy such as the prohibition against the use of human embryonic stem cells. The University has an obligation to establish

and maintain appropriate policies, procedures, and guidance so that the rights of Marquette scholars are protected and responsibilities are met.

Scholar's Right to Publish

The scholar's right to publish the results of his or her research is fundamental. Marquette University will not accept funding from any sponsor under terms or conditions that deny this right. Subject to the scholar's approval, the University may nevertheless allow sponsors a reasonable length of time to review materials in order to prevent inadvertent disclosure of the sponsor's confidential or proprietary information or to allow time to protect patentable subject matter. The source of sponsorship and purpose of a sponsored activity must in all cases be such that they can be publicly disclosed.

Classified Research

Similarly, the University will not engage in classified research that requires a security clearance by any public or private agency, nor will the University accept sponsorship where there is a high probability that the project will later be so classified.

Research Subject to Export Administration Regulations

The University will not ordinarily accept federal contracts that include terms requiring the University to ban access to research by graduate students, faculty, visiting professors, or post-doctoral fellows who are foreign nationals. Under the "deemed export" rule of the EAR, an export of a technology or source code is deemed to take place when it is released to such a person. Generally speaking, contracts with federal agencies and federal subcontractors for "fundamental research" will not be subject to the federal government's Export Administration Regulations or similar agency regulations. Where such terms are proposed, the University will typically require the sponsor to request the University's prior written consent before providing materials that are subject to the EAR. Where a Principal Investigator has a need to accept such materials and their restrictions, the Principal Investigator may submit a compliance plan to the chair and dean, who may in turn request that the University accept the materials and their restrictions by contacting ORSP.

See 22 CFR Parts 120-130 (International Traffic in Arms Regulations), and Export Administration Act of 1979, as amended (Export Administration Regulations).

Student Involvement

Sponsored projects provide extraordinary opportunities for students to enrich their Marquette experience. Involving students in sponsored research requires special attention to the educational benefit that they will derive from the activity. The terms of sponsorship must not impede the student's educational progress or prevent the student from presenting and publishing his or her research results. In this regard, the University is particularly watchful when it is necessary to enter into confidentiality and other restrictive agreements with private sponsors.

Fiscal Responsibility

Marquette's eligibility for federal funding is contingent upon adherence to the United States Office of Management and Budget circulars A-21 - Cost Principles for Educational Institutions, A-110 - Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, and A-133 - Audits of States, Local Governments, and Non-Profit Organizations.

Misconduct in Scholarship

Marquette's Misconduct in Scholarship and Grants Management Policy was approved by Academic Vice President on May 8, 1995 and by the Academic Senate on April 12, 1995. The policy is available online at http://www.marquette.edu/orsp/policies/MU_Misconduct_Policy.pdf

Responsible Conduct of Research

Reserved.

Human Embryonic Stem Cells

Marquette University, in its public and official identity as a Catholic institution, is committed to certain principles of the moral, intellectual, and religious order. Its policies and programs must, in fidelity to its purpose, conform to these principles. Although the fundamental principles are, for the most part, universally understood and need no explicit mention, in matters of possible ambiguity a clarification is in order.

The University reaffirms the sanctity and inviolability of human life and vigorously opposes any research on stem cells obtained by the direct destruction of embryos or fetuses as unacceptable. It expects any use of its name, facilities, and resources to reflect this position.

1.8. Primary Source Material and Companion Resources

Office of Management and Budget Circulars A-21, A-110, A-133, and agency-specific guidance will be found at <http://www.marquette.edu/orsp/policies/>

Guidance and policy concerning research compliance matters, including human subjects, animal care and use, radioisotopes, and biosafety will be found at <http://www.marquette.edu/researchcompliance>

University Policies and Procedures will be found at <http://www.marquette.edu/upp/>

A variety of forms and policies will be found in "Getting it Done" in the Resource Commons: <http://www.marquette.edu/pages/home/resourcecommons/faculty>

2. Pre-proposal Activity

2.1. Roles and Responsibilities. Pre-proposal Activity

ORSP

- informs the University community of opportunities for project sponsorship.
- provides guidance on the development of proposals.
- prepares or reviews and approves Confidentiality Agreements.

Principal Investigator

- contacts ORSP before providing cost estimates or making commitments to prospective sponsors.
- contacts ORSP before accepting any confidentiality or nondisclosure agreement.

2.2. Identifying Prospective Sponsors

The Office of Research and Sponsored Programs makes available several databases that Marquette faculty and administrators can use to search for grants. These databases and other helpful resources are available at <http://www.marquette.edu/orsp>. Faculty and administrators at Marquette also receive periodic summaries of grant announcements specifically targeted to their areas of interest. In addition, ORSP staff work individually with faculty to match projects to sponsors. See the ORSP staff directory at <http://www.marquette.edu/orsp>.

2.3. Initial Contact with Sponsors

ORSP encourages prospective applicants to discuss their projects with sponsors before preparing a full application to determine its fit with the sponsor's interests. The purpose of pre-proposal contact is to establish whether the sponsor would be willing to consider a proposal. Such contacts require no internal review or approval so long as they do not make commitments on behalf of the University or constitute a request for financial support. ORSP is glad to help faculty prepare for pre-proposal contact with sponsors.

It is prudent to seek guidance from internal stakeholders including the department chair, University Advancement, and ORSP in advance of such contact. Among other things, ORSP and University Advancement can provide information concerning the University's history with the sponsor and any pending activity.

Sponsors have various preferences and rules regarding pre-proposal contact with prospective applicants: some sponsors require pre-proposal contact, some sponsors restrict such contact to certain Marquette offices or individuals who have been designated sole points of contact, and some sponsors prohibit pre-proposal contact altogether. Typically, sponsors will indicate the

type and nature of contact they prefer in their grant guidelines or in their contact information. ORSP has extensive experience with pre-proposal contact and can help faculty identify the most appropriate point of contact within an agency.

In all cases, it is wise to prepare thoroughly in advance of any contact by knowing as much as possible about the sponsor, the University's relationship with the sponsor, and by having a brief summary of the project's objectives in hand.

2.4. Preliminary Estimates of Cost or Effort Require Approval

Where the preliminary contact with a prospective sponsor involves presenting a written estimate of cost or quantifiable effort (e.g., "the PI will devote 20% of the academic year to the work"), the applicant must complete a Proposal Registration form and route it, along with the material to be presented, to the chair, dean, and ORSP.

2.5. Confidentiality and Nondisclosure Agreements

Some private sponsors will seek a confidentiality or nondisclosure agreement to ensure the protection of information they may disclose during initial project discussions with faculty. Confidentiality agreements that name the University or identify the scholar as a University employee must be approved and endorsed by the Office of Research and Sponsored Programs.

ORSP is glad to help scholars and their prospective sponsors develop appropriate nondisclosure agreements, and model agreements are available on the ORSP web site.

3. Preparing the Technical Proposal

The technical proposal is sometimes called the project description, project narrative, or statement of work. Sponsors vary widely in their requirements, which may include a needs statement, project timeline, and statement of prior experience or capability.

Applicants should contact ORSP to ensure that they have the sponsor's most recent guidelines and application materials and to answer any questions they may have about the guidelines. In most cases, ORSP has worked with the sponsor and can save applicants a great deal of time and effort.

If the proposal requires narrative or data describing the University, applicants should contact ORSP for help to ensure that the presentation is up-to-date, accurate, and consistent with other applications that may have recently been submitted to the same sponsor.

3.1. Roles and Responsibilities, Preparing the Technical Proposal

Principal Investigator

- The PI is responsible for the technical proposal. The PI prepares the proposal and may collaborate with others in doing so.
- The PI ensures that the proposal meets the sponsor's requirements, including eligibility, format, and budget limitations or conditions. The PI may delegate some of this work to others.
- It is the responsibility of the PI to ensure that the information provided is clear, accurate, and compliant with the sponsor's instructions.
- The PI identifies other personnel, if any, needed to conduct the project.
- The PI identifies the need for subawards and subcontracts.
- If resources not already assigned to the PI are required for the project (e.g., space, facilities, or equipment), the PI must secure the endorsement of the person authorized to make the commitments. All commitments and endorsements must be documented using the Proposal Registration form. A table of commitments and authorized endorsers is provided in the Proposal Registration form. **See SPM 8, Proposal Registration.**

ORSP

- Provides guidance and interprets sponsor guidelines.
- Provides technical assistance with forms, format compliance, electronic applications, and other matters as requested by the PI.

4. Preparing the Budget

The proposal budget provides a categorical breakdown of the project costs and presents a justification that relates the costs to the project objectives and tasks. The budget submitted to the sponsor consists of two interrelated documents: a budget spreadsheet and a budget justification or budget narrative. Budget categories generally correspond to the account "naturals" that will be established within a project account upon receipt of the award. The budget justification or budget narrative explains how the budget figures were estimated and relates the anticipated expenditures to the project's tasks and deliverables.

PIs are reminded that the proposal budget is a good faith estimate, but it is an estimate that becomes part of our legal agreement with the sponsor after the award. For this reason all budgets must be reviewed and approved by ORSP before they can be submitted to a sponsor. Some changes may be made after the award has been accepted: sponsors vary in the amount and type of rebudgeting they allow. **See SPM 13.10, Budget Transfers.**

Applicants should consult with ORSP well in advance of any sponsor deadline to ensure that the budget complies with the sponsor's guidelines and University policies, reflects the total cost of the project, and is justified in a clear and unambiguous manner. The University adheres to the following regulations regarding budgeting, expenditures, accounting, and administration for federally sponsored projects:

- United States Office of Management and Budget (OMB) Circular A-21-Cost Principles for Educational Institutions,
- OMB Circular A-110-Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, and
- OMB Circular A-133-Audits of States, Local Governments, and Non-Profit Organizations.

Detailed Budgets are Required. Some sponsors do not require that applicants submit detailed budgets, as in the case of NIH applications using "modular" budgets. A detailed budget is nevertheless necessary to ensure that the amount being requested from the sponsor adequately covers the cost of the work being proposed and to ensure the appropriate application of the Facilities and Administrative Cost Rate. The University requires, therefore, that any budget estimate provided to a sponsor be based on a detailed budget that has been reviewed and approved along with the proposal using the Proposal Registration form.

4.1. Roles and Responsibilities, Preparing the Budget

Principal Investigator

- The PI is responsible for estimating the costs and resources needed to conduct the project and for the justification of those items as they relate to the work. The PI is responsible

for ensuring that the costs are reasonable, allocable to the project, and allowable by the sponsor and the University.

- The PI is strongly encouraged to consult with the department chair and to work with ORSP to prepare the budget and budget justification. Alternatively, the PI may prepare the itemized budget and budget justification or supervise their preparation and submit them to ORSP for review well in advance of the sponsor's deadline (at least 4 working days).
- The PI identifies Marquette project personnel and secures commitments from persons to be named in the proposal.
- The PI identifies the need for consortium agreements, subawards, and subcontracts and works with ORSP to secure appropriate documentation from prospective collaborators, subrecipients, and subcontractors as needed. The PI secures Letters of Intent and budgets from collaborating institutions.
- If required, the PI requests cost-sharing and in-kind contributions from the chair and/or dean. Commitments are documented and attached to the Proposal Registration form.
- The PI may propose cost sharing through contributed effort, subject to the approval of the department chair and dean and documented on the Proposal Registration form.
- The PI identifies his or her current and pending support.
- The PI identifies anticipated program income and notifies ORSP during budget development.

Department Chair

- See **SPM 8, Proposal Registration.**

Dean

- See **SPM 8, Proposal Registration.**

ORSP

- Provides guidance on sponsor and University policies related to budget preparation.
- Provides institutional oversight for documenting cost sharing commitments.
- Works with the PI to develop the project budget and budget justification
- Works with the PI to obtain letters of intent and budgets from collaborating institutions

The following sections describe typical elements of the budget and policy considerations relevant to each:

4.2. *Salaries and Wages*

The time and effort of project personnel should be included in the budget. Proposed salaries and wages must be in accordance with University approved rates.

4.2.1. Faculty Salary Charged to Grants

Regarding payments to faculty members from government grants and contracts, Marquette University adheres to federal policy as described in Office of Management and Budget Circular A-21.

- Because proposal budgets are submitted to sponsors in advance of the actual project start date, the amounts budgeted for salaries are necessarily estimates.
- Actual salary payments to faculty members will be based on salaries at the time the research is conducted and are subject to the availability of funds.
- Salary chargeable to grants is limited to the effort actually expended on the sponsored project.
- As with all other expenditures, salary charged to a grant must be reasonable, allowable by the University and the sponsor, and allocable to the project using the University's accounting and effort reporting systems.

4.2.2. Academic Year Salary

Generally, an employee may not receive more than his or her regular annualized salary by engaging in sponsored projects. Marquette faculty are typically employed for the nine-month academic year. An individual's employment contract may specify alternative terms, depending on the nature of the appointment. All faculty members will have a contract stating the approved institutional base salary and the term to which that base applies.

4.2.3. Sponsor-imposed Salary Caps

Some sponsors, such as NIH, impose salary caps that limit the amount of salary that may be paid to an individual. The University will comply with sponsor-imposed salary caps. This does not mean that the institution will decrease the employee's salary: sponsor-imposed caps only limit the amount of salary that the University can charge to the grant. Consult with ORSP regarding the policies of particular sponsors.

The NIH Salary Cap. The FY 2002 HHS Appropriations Act allows that "none of the funds ... shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level I" of the Federal Executive Pay Scale." The NIH policy defines the term "salary" as "direct salary" which is exclusive of fringe benefits and F&A expenses. "Direct salary" has the same meaning as the term "institutional base salary." An individual's institutional base salary is the annual compensation that the applicant organization pays for an individual's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual may be permitted to earn outside of duties to the applicant organization.

For current NIH salary limitations, contact ORSP. See also the current NIH Guide notice regarding "Salary Limitation on Grants, Cooperative Agreements, and Contracts" (the most recent issuance as of this writing is NOT-OD-03-034, March 18, 2003).

The difference between the salary cap and the actual salary must be paid with non-federal funds. Where the sponsor allows it, the difference may be included in the budget as cost-share. See the section in this manual on Cost Sharing for more information.

4.2.4. Summer Salary

For Marquette faculty with a typical nine-month academic year appointment, summer salary for government grants is calculated on the basis of 1/9 of the academic year salary for each summer month devoted to the project.

NIH normally allows faculty to charge up to three summer months to a grant.

- Where the sponsor allows it, and where a faculty member with a nine month contract elects to devote three summer months of effort to the sponsored project, the grant shall be charged 3/9 of the institutional base salary. The amount of salary requested must correspond to the amount of effort actually devoted to the project and be verified in the effort report.
- Faculty are reminded that compensation for effort is treated the same way regardless of the source of funds. For example, faculty who do not accrue vacation days during the academic year when compensated from departmental salary accounts do not accrue vacation days during periods compensated using sponsor funds.

Some sponsors, like NSF, limit the amount of summer salary that may be charged to a grant. The NSF Grant Policy Manual (GPM NSF 02-151) states: NSF policy on funding of summer salaries (known as NSF's "two-ninths rule") remains unchanged: proposal budgets submitted should not request, and NSF-approved budgets will not include, funding for an individual investigator that exceeds two-ninths of the academic year salary. This limit includes summer salary received from all NSF-funded grants.

Charges made to government grants for teaching activities performed by faculty members during periods not covered by the base salary will be consistent with established University practice: The Office of Summer Studies typically pays faculty a predetermined percentage of their academic year salary per credit hour (or its equivalent). New faculty (those who have not previously taught at Marquette) will have a salary recommended by their dean. Consult with the Office of Summer Studies or the appropriate dean for current rates.

Where the grant-funded activity involves more than teaching (for example, if it also involves recruiting, project evaluation, project reporting, or course design, or if the teaching activity does not involve courses approved by the University), summer salary shall be calculated on the basis of 1/9 of the academic year salary for each summer month devoted to the project.

4.2.5. Salary Supplements and Extra Compensation

Salary charges to government grants, cooperative agreements, and contracts are allowable at the approved University base salary rate.

- Extra compensation over and above the approved base salary rate is not allowed except in unusual cases where consultation is across departmental lines or involves a separate or

remote operation, and the work performed by the faculty member is in addition to his or her regular departmental load.

- Exceptions must be endorsed by the appropriate dean on the Proposal Registration form and explicitly identified as extra compensation in the proposal budget as approved by the sponsor when making the award.
- Salary supplements or extra compensation requested after the proposal has been submitted must be approved in writing by ORSP, the appropriate dean, and the sponsor (in that order).

Supplemental Salary or Extra Compensation Allowed by the Sponsor. Some private sponsors allow the payment of supplemental salary or extra compensation (e.g. speaker fees). Where the employee wishes to request such payment and where it is allowed by the sponsor, the employee's chair and dean must explicitly approve the amount to be requested using the Endorsements section of the Proposal Registration form.

4.2.6. Part-time Faculty

Compensation for part-time faculty shall be charged at a rate not in excess of that regularly paid for the part-time appointment. Substantial changes in work assignments should, as a matter of course, prompt the appropriate dean and the employee to review the job description and base salary.

4.2.7. Postdoctoral Researchers

Consult the Office of the Provost web site for current guidance on appointment procedures, <http://www.marquette.edu/provost>.

4.2.8. Graduate Students

Guidance on recruiting and hiring graduate students is provided in SPM 19, Hiring Personnel with Grant Funds.

Consult with the department chair or ORSP for guidance regarding typical compensation levels for Graduate Research Assistants.

Consult with the Business Manager for your college and/or the Office of the Provost for guidance regarding the forms and procedures required to hire and supervise graduate students.

No fringe benefits are charged for Graduate Research Assistants.

PIs are strongly encouraged to request tuition support for Graduate Research Assistants from the sponsor.

4.2.9. Undergraduate Students

Consult with the Student Employment Service in the Office of Student Financial Aid for guidance on appropriate compensation for undergraduates and the forms and procedures required to recruit, hire, and supervise them.

4.2.10. Limited Term Employees (e.g., lab technicians)

Salaries and wages paid by sponsored projects to limited term employees must be consistent with the University's approved compensation levels for comparable positions. The Office of Human Resources has responsibility for the classification and compensation of employees and can provide help and guidance.

4.2.11. Salary Support for Personnel with Twelve-month Contracts

Generally, an employee may not receive more than his or her regular annualized salary by engaging in sponsored projects. All employees will have an approved maximum total compensation set by the University, which shall constitute that person's institutional base salary.

4.2.12. Administrative and Clerical Staff

The salaries of administrative and clerical staff are normally treated as Facilities and Administrative (F&A) costs. Direct charging of these costs may, however, be appropriate where a major part of the project or activity explicitly budgets for administrative or clerical activity and the individuals involved can be specifically identified with the project or activity. **See SPM 4.9, Other Direct Costs.**

4.2.13. Other Personnel Considerations

Key Personnel. NIH defines key personnel as individuals who contribute in a substantive way to the scientific development or execution of the project, whether or not they receive compensation from the grant supporting that project. NSF uses similar terms to identify the individual(s) responsible for the scientific or technical direction of the project. The Principal Investigator and collaborators are included in this category.

Naming an individual as key personnel in the application or proposal has important implications for the award: Where key personnel are named in a sponsor's award notice, the sponsor's approval is typically required in the event a person so named leaves the project or is replaced. All key personnel must disclose their financial interests, using the approved University Disclosure of Financial Interest form, before the proposal may be submitted to the sponsor. Where the project involves Human Subjects, key personnel must also receive appropriate training. Consult with the Office of Research Compliance for guidance.

Principal Investigator, Co-Principal Investigator, and Co-Investigator. Every grant-funded project has only one Principal Investigator. The designation of a Co-Investigator or Co-Principal Investigator does not affect the Principal Investigator's roles and responsibilities as specified in this manual.

Co-Principal Investigators or Co-Investigators typically devote a specified percentage of time to the project, must be employed by or affiliated with the University or with another organization participating in the project under a consortium agreement, and are considered key personnel.

NIH and NSF limit the number of individuals who may be named as Co-PIs: consult the sponsor's policy for guidance.

Project personnel: named in the proposal or not? When preparing extramural proposals, PIs must follow established University policies and procedures governing the recruiting, appointing/hiring, and paying grant/contract personnel. These guidelines are meant to assure a smooth employment process and a prompt starting of the extramural award.

There are two ways to secure personnel for grant positions: (1) naming the individual(s) in the proposal, and (2) recruiting through regular University procedures.

University and non-University personnel can be named in the extramural application. PIs are encouraged to specifically name project personnel in proposals, where appropriate. These individuals should meet the qualifications of the positions and if they hold foreign national status, they must have the appropriate visa to come into the country and be employed. If the application is approved as submitted, no further posting/advertising is needed for these positions.

Positions for which the person is not named in the proposal are considered vacancies and must be posted or advertised in accordance with the University's equal opportunity/affirmative action policies.

4.3. Fringe Benefits

Employee benefits are charged as a direct cost on the basis of a fixed percentage of salary or wages. The University's allocated benefit rate is determined annually by the University Budget Office and is based on the University's budgeted fringe benefit costs for that same period.

A table displaying natural account numbers, employee groups and corresponding benefit allocation rates is available from the Associate Manager of Grant Accounting in the Office of the Comptroller and at the ORSP web site under "Help with Your Grant Proposal and Budget," <http://www.marquette.edu/orsp/grntinfo1.html>.

4.4. Consultants

A consultant is an individual who provides professional advice or services on the basis of a written agreement for a fee. Consultants also include firms that provide professional advice or services. IRS guidelines govern the determination of whether someone must be classified as a consultant or as an employee of the University. The criteria are described in detail at <http://www.marquette.edu/bpp/I-33contractor.html>

The PI must anticipate the need for a consulting agreement before the award and before the consultant can begin work. The process of procuring consulting services is described in detail in **SPM 17, Subcontracts for Services (Procurement)**.

Every consulting service must be documented by a statement of work that explains the services to be performed, the payment expected, and the period of performance.

The PI is responsible for ensuring that the consultant is adequately qualified to do the work and that the costs of the services are reasonable. The PI is responsible for securing a fully executed agreement before the consultant begins work.

Marquette University employees cannot be hired as consultants with funds awarded to the University for a sponsored project. Marquette employees performing services outside of their normal duties must still be paid as an employee through Marquette payroll. **See SPM 4.2.5, Salary Supplements and Extra Compensation.**

4.5. Equipment

Purchases of special purpose equipment allowed by the sponsor are accounted for as direct charges to the project. This section provides guidance regarding the budgeting of equipment in grant proposals.

For post-award requirements concerning Equipment and Property Management, see SPM 18.

The University defines capital equipment as any individual item costing \$1,000 or more and having a useful life of more than one year. Component parts costing \$1,000 or more should be capitalized provided the item has a useful life of more than one year. A component part is any item that cannot stand alone and is an integral part of, or enhancement to, an existing piece of equipment.

PIs must adhere to the sponsor's requirements regarding the acquisition or construction of equipment as well as the Purchasing Department policies and procedures, which are available online at <http://www.marquette.edu/purchasing>.

Note that some sponsors allow that equipment costing up to \$5,000 may be classified as a supply for the purpose of determining whether the sponsor's prior approval is required to acquire the item. Where the sponsor's dollar threshold for classifying an item as capital equipment is higher than Marquette's threshold, Marquette will use its threshold for the purpose of budgeting and accounting the expense, but will observe the sponsor's threshold for the purpose of determining whether the sponsor's prior approval is required to acquire the item.

4.6. Materials and Supplies

The PI specifies the type and quantity of supplies and provides an estimate of their cost. PIs must adhere to the Purchasing Department policies and procedures, which are available online at <http://www.marquette.edu/purchasing>.

PIs must take care not to engage in business relationships with debarred vendors. A current list of debarred vendors is available online at <http://www.epls.gov/servlet/EPLSReportMain/1>. Select the "Procurement" exclusion type.

The Purchasing Department is responsible for the selection of vendors, the negotiation and processing of purchases.

4.7. Travel

The PI must specify the type, extent, and purpose of anticipated travel in the budget. The PI must adhere to the sponsor's guidelines regarding allowable expenditures for travel as well as the Purchasing Department's policies and procedures. Federal sponsors, for example, require that grantees use only U.S. flag air carriers for international travel, regardless of cost savings available from foreign carriers. Those using "code share" tickets must purchase them through the U.S. flag carrier (having done so, it does not matter which airline finally provides the service). Where U.S. flag carriers are unavailable, the traveler must so certify. PIs must provide their certification to the Purchasing Department and ORSP.

Some agencies prohibit the use of grant funds for international travel without prior agency approval. Clearly identifying the trip in the budget submitted with the application and approved by the sponsor will normally meet the requirement for prior approval.

Unless otherwise restricted by the sponsor, sponsored projects must adhere to the University's published policies regarding all travel-related expenditures including reimbursement for meals and mileage. The current policy may be found online at www.marquette.edu/bpp/II-1.html.

Federal agencies require grantees to adhere to the government's established maximum daily limits for meal expenditures and lodging rates, which vary by destination. Contact ORSP for help identifying and applying the correct rate to the budget.

Where personal travel or travel unrelated to the project is combined with project travel, only those portions of the travel expense directly attributable to the project may be charged to the project. Where free lodging or meals are provided, such items may not be submitted for reimbursement.

Project personnel may, however, claim reimbursement for expenses related to project travel such as visas and health certificates. These expenses should be included in the budget and budget justification and documented by receipts.

4.8. Subcontracts and Subawards

See also SPM 16, Subawards, and SPM 17, Subcontracts for Services (Procurement).

For federal sponsors, there is an important distinction between subcontracts (procurement) and subawards (assistance):

Examples of procurements requiring subcontracts include speaker agreements, routine laboratory tests and assays, and facility rental. At the budget preparation stage, it is prudent for the Principal Investigator to secure a bid or letter confirming the estimated cost of the service. Procurement of goods and services from vendors by subcontract must comply with SPM 17 and be budgeted in naturals 6500 and 6505. Contracts involving sponsored projects must be endorsed by the Executive Director of ORSP. ORSP involvement in the preparation and review of such contracts ensures that the contract is allowed by the terms of the sponsorship agreement and that the contract incorporates any required sponsor terms and conditions.

An example of an assistance arrangement requiring a subaward is collaboration with a co-investigator at another institution. Subawards must be budgeted in naturals 6515 and 6520. Subawards must be endorsed by the Executive Director of ORSP and must comply with SPM 16.

4.9. Other Direct Costs

Consult with ORSP to ensure that other direct costs are readily allocable to the project and not already covered under Facilities and Administrative costs.

Communication costs. Costs incurred for telephone services, local and long distance telephone calls, telegrams, radiograms, postage and the like are allowable, subject to the limitations described below.

Memberships and subscriptions and professional activity costs. Costs of membership in business, technical, and professional organizations are normally regarded as part of the University's Facilities and Administrative costs, as are the costs of subscriptions to business, professional, and technical periodicals. These costs are therefore normally unallowable as direct costs in federal grants.

Conference registration fees and costs associated with conference travel, meals, and lodging, excluding any portion of the conference fee allocable to membership fees or membership dues, are allowable subject to the limitations described below.

Salaries of administrative and clerical staff are normally treated as F&A costs. Direct charging of these costs may, however, be appropriate where a major part of the project or activity explicitly budgets for administrative or clerical activity and the individuals involved can be specifically identified with the project or activity. See OMB Circular A-21, Exhibit C for examples of "major project" where direct charging of administrative or clerical staff salaries may be appropriate. Examples include projects that involve extensive data accumulation, entry, or reporting, and projects that require making travel arrangements for large numbers of participants.

These costs are allowable as direct charges subject to the limitations described below.

Limitations: costs are allowable as direct costs to the extent:

- they are permitted by the sponsor's published guidelines (NIH, for example does not allow an individual's membership dues or fees except as a fringe benefit or employee development cost. Since Marquette has no consistently applied charge for such costs, the item is not allowable as a direct charge on NIH grants).
- the project has a special need for the item or service beyond the level of such services normally provided by the University.
- the costs are specifically allocable to the sponsored project and are appropriately justified and documented by the PI with the concurrence of ORSP.
- the costs are specified in the proposed budget submitted to the sponsor, and the special circumstances requiring direct charging are explained in the proposal.
- the sponsor accepts the cost as part of the project's direct cost budget (i.e., does not disallow the cost).

Administrative and clerical salaries may only be charged to grants if they **also** meet the following conditions:

- they fall within the special circumstances described in OMB A-21.
- the individuals have responsibilities specifically related to the work of the project, and their effort devoted to the project is documented.
- the title(s), percent of effort, and salary amount(s) for the clerical/administrative position(s) are included in the proposed budget submitted to the sponsor, and the special circumstances requiring direct charging of their services are justified in the proposal.
- the sponsor accepts the cost as part of the project's direct cost budget (i.e., does not disallow the cost).

Post-award Note: If the cost meets the first two of these conditions but was not included in the budget approved by the sponsor, it may be charged directly to the agreement if

- 1) the University has rebudgeting authority under the terms of the award and
- 2) the modification is approved by the Office of Research and Sponsored Programs.

The PI must transmit his or her justification to ORSP in writing, provide the same detail that would have been provided to the sponsor, and comply with all other rules regarding rebudgeting.

5. Facilities and Administrative ("Indirect") Costs

5.1. Roles and Responsibilities: F&A Costs

Comptroller

- The Office of the Comptroller prepares the F&A Cost proposal and negotiates the rate with the cognizant agency.

ORSP

- ORSP provides institutional oversight for the application of the F&A Cost rate in proposal budgets.

Chairs

- Chairs provide local oversight for the application of the F&A Cost rate in proposals originating in their areas.
- Where under-recovery of F&A Costs is required by a sponsor as a condition of eligibility, the chair may approve the under-recovery and forward the request to the dean. The concurrence of the chair and dean is required.

Deans

- Deans provide local oversight for the application of the F&A Cost rate in proposals originating in their areas.
- Where under-recovery of F&A Costs is required by a sponsor as a condition of eligibility, the dean may approve the under-recovery. The concurrence of the chair and dean is required.

Vice Provost for Research and Graduate Programs

- The Vice Provost for Research and Graduate Programs may approve requests for voluntary under-recovery of F&A Costs.

5.2. Definition of Facilities and Administrative Costs

Facilities and Administrative (F&A) Costs are those costs that are not allocable to a particular project, such as payroll processing, insurance, accounting, and related administrative services; square footage devoted to research, which is used to allocate depreciation and interest expense on University owned buildings, equipment and fixed assets; operations and maintenance costs, which includes facilities services; and library costs. Because these costs are not directly attributable to a particular project, they are often referred to as "indirect" or "overhead" costs.

Marquette University's Facilities and Administrative Cost Rate is determined periodically through negotiation with the Department of Health and Human Services. For on-campus projects, Marquette's current rate is 47% of Modified Total Direct Costs. For projects in which more than 50% of the work is conducted off-campus, Marquette's rate is 24%.

These rates are valid through June 30, 2007. New rates will be published on the ORSP web site along with guidance regarding grants that span the old and new rate agreement periods.

Modified Total Direct Costs include salaries and wages, fringe benefits, materials, supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract. The total modified direct cost calculation excludes equipment, capital expenditures, charges for patient care, tuition remission, rental of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

5.3. Under-recovery of F&A Costs

5.3.1. Under-recovery of F&A Costs as a Sponsor's Condition of Eligibility to Apply

If the sponsor has a written policy restricting or prohibiting F&A costs charged to a project, the University must either accept that policy in determining the level of F&A costs to include in the budget or elect not to submit an application. By signing the Proposal Registration form, the department chair and the dean acknowledge and approve the under-recovery as a sponsor's eligibility requirement. In reviewing the application, they may request that the PI provide them with a copy of the sponsor's policy.

5.3.2. Voluntary Under-recovery of F&A Costs

The University strongly discourages the voluntary under-recovery of F&A Costs. In the absence of a sponsor's written policy, any proposed voluntary under-recovery of F&A costs must be explicitly approved by the dean and the Vice Provost for Research and Graduate Programs. Their approval must be indicated in the endorsement section of the Proposal Registration form.

5.4. Cost sharing F&A

For guidance and policy regarding the use of Facilities and Administrative Costs as cost share, see **SPM 6.6, Cost Sharing Facilities and Administrative Costs**.

6. Cost Sharing

Typically, the University proposes cost sharing only to the extent required by the sponsor. Cumulatively, cost sharing commitments have the effect of reducing the University's F&A cost rate. Cost sharing of direct expenses is considered a part of the research base when calculating the F&A rate and is excluded from the indirect pool of expenses. This distribution lowers the amount of indirect expenses that can be allocated to sponsored projects and reduces the University's recovery of F&A costs. Thus, the institution is tapped three times: first, institutional resources are redistributed to make the cost share available to the project; second, the sponsor does not pay F&A costs on the cost-shared items; and third, the institution's F&A rate is lowered in the next negotiation.

Because of the negative impact of cost sharing on the University's research base, cost sharing should only be promised if it is required by the sponsor or necessary to accurately reflect the resources required to conduct a project for which only partial sponsorship is available.

Two general restrictions apply to costs proposed for cost sharing: a) if the costs are used as cost sharing on a federal program, they may not be paid or used as cost sharing on another federal program unless expressly permitted by the sponsor; b) costs otherwise classified as F&A costs may not be represented as direct cost sharing.

6.1. Roles and Responsibilities, Cost Sharing

Principal Investigator

- If required, the PI requests cost-sharing and in-kind contributions from the chair or unit director. Commitments are documented and attached to the Proposal Registration form.
- The PI may propose cost sharing through contributed effort if approval by the chair and dean on the Proposal Registration form.

Department Chair or Unit Director

- The chair is the first level of approval for proposed cost sharing. In cases where the cost sharing involves resources not under the chair's authority, the chair approves and forwards the request to the appropriate administrator, usually the dean of the college or school. If the chair does not approve the cost-sharing request, he or she must return the application to the PI for resolution.

Dean

- The dean is the second level of approval for proposed cost sharing. In cases where the cost sharing involves resources not under the dean's authority, the dean approves and forwards the request to the Provost or other person authorized to make the commitment.

If the dean does not approve the cost-sharing request, he or she must return the application to the PI for resolution.

- The Dean must approve any request for cost sharing or matching that involves fund-raising. The dean may not approve such requests without the concurrence of University Advancement.

ORSP

- ORSP interprets sponsor guidelines regarding cost-sharing requirements, consults the sponsor for clarification where necessary, and advises University personnel accordingly.
- ORSP provides institutional oversight and final approval for cost sharing proposed by PIs and endorsed by chairs and deans.
- At the time the grant account with cost sharing is established, ORSP notifies the Office of the Comptroller and the department to which the cost sharing will be charged.

6.2. Definitions

The terms "cost sharing," "matching," and "in-kind" generally refer to the portion of the total project cost not borne by the sponsor. Although these terms are often used interchangeably, administrators and prospective applicants must pay special attention to a sponsor's particular definitions of these terms.

Cost Sharing

Cost sharing, sometimes called "matching," refers generally to the salary or cash portion of the total project cost not paid by the sponsor. The University is making a cost sharing promise to a sponsor when the proposal or budget includes a statement that leads a reader to believe that non-sponsor funds will be available or devoted to a project. In the case of cost shared effort, cost sharing is promised or committed when the proposal or budget includes a statement that quantifies the amount of time to be devoted to the work (see **Voluntary committed cost sharing** and **Voluntary uncommitted cost sharing**, below, for examples).

In-kind

“In-kind” contributions generally refer to non-cash contributions to a project (e.g., goods, commodities, or services provided by a third party). At Marquette, in-kind contributions are normally accounted as gifts (for guidance, see BPP I-13, "Gifts").

Mandatory cost sharing

Mandatory cost sharing is cost sharing that the sponsor requires as a condition of the award. Mandatory cost sharing is stated on the Notice of Grant/Contract Award, must be documented, and must be reported to the sponsor.

Voluntary cost sharing

Voluntary cost sharing is cost sharing not required by the sponsor. There are two types of voluntary cost sharing: voluntary committed cost sharing and voluntary uncommitted cost sharing.

Voluntary committed cost sharing

Voluntary committed cost sharing is cost sharing, often in the form of effort, that is not required by a sponsor but is nevertheless specifically pledged in the proposal or budget. Because sponsors incorporate the proposal (and its budget) by reference when making an award, voluntary committed cost sharing becomes a condition of the award. Voluntary committed cost shared expenditures must be accounted and reported in the same way that all other project expenditures are accounted and reported to the sponsor.

Example: A sponsor does not require cost sharing, but the principal investigator believes that an explicit commitment of effort is needed to make the proposal competitive. Moreover, the principal investigator believes that the University cannot recover the corresponding salary and fringes from the sponsor without reducing the chances of an award. The proposal or the budget therefore includes a statement to the effect that the principal investigator will devote 25% of his or her time to the project, and the project budget does not request salary and fringes corresponding to that amount from the sponsor. Because a promise of effort has been made to the sponsor, salary and fringe benefits corresponding to .25 FTE effort must be allocated to the project and documented for cost accounting purposes (i.e., by completing a salary authorization, using a companion cost-share account, and reflecting the work in the effort report).

Voluntary uncommitted cost sharing

Voluntary uncommitted cost sharing is cost sharing, usually in the form of effort, devoted to the project but not pledged or quantified in the proposal, budget, or award notice. The January 5, 2001 OMB memorandum, "Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs" discusses **voluntary uncommitted cost sharing effort** as "faculty-donated additional time above that agreed to as part of an award." Pursuant to the OMB clarification, voluntary uncommitted cost sharing is treated differently from committed effort and is not included in the organized research base for computing the F&A rate or reflected in any allocation of F&A costs.

Example: The principal investigator makes no statement quantifying the amount of effort to be devoted to the work, or states in the proposal that "sufficient time will be devoted to the work to ensure timely completion of results." Since there is no basis in the statement for calculating salary, the cost sharing of effort is uncommitted and need not be accounted.

6.3. Cost sharing Expenses Must Be Allowable, Allocable, and Reasonable

To be allowed as cost sharing expenses, costs must be a) allowable and allocable under federal cost principles (OMB Circulars A-21 and A-110) and the terms of the sponsor agreement; b)

certifiable in the effort distribution and certification process (for cost shared effort); c) necessary and directly related to the project objectives (except for cost sharing involving F&A costs); d) capable of being quantified and documented.

Mandatory and voluntary committed cost sharing must conform to University and federal policies regarding allowability, allocability, and reasonableness. The same is true for cost sharing involving gifts, donated services, or volunteer services. The primary federal requirements for cost sharing are to be found in OMB A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, section .23, "Cost Sharing or matching." Guidelines for specific agencies or grant programs may also provide guidance on cost sharing. These requirements must be passed on to any subrecipients performing substantive work under grants and agreements that are passed through or awarded by the primary recipient, if such subrecipients are institutions of higher education, hospitals, and other non-profit organizations.

6.4. Cost sharing Issues Arising from the NIH Salary Cap

See SPM 4.2, **Salaries and Wages**. Any salaries in excess of the NIH salary cap shall be considered cost sharing ("Adequacy and Compliance Audits of Disclosure Statements Submitted by Educational Institutions," Office of Inspector General, May 1999).

6.5. Cost sharing Issues Arising from the NSF Statutory Requirement

In accordance with Congressional requirements (NSF Grants Policy Manual 331.1, "Statutory Requirement"), the National Science Foundation requires that each grantee share (1%) in the costs of research projects resulting from unsolicited proposals. An unsolicited proposal is one not specifically solicited by an NSF program solicitation, and includes all proposals submitted solely in response to the Grant Proposal Guide.

For all such unsolicited proposals, Marquette University will routinely record 5% of the PI's academic year effort as voluntary committed cost share, unless the cost sharing requirement is otherwise satisfied.

6.6. Cost Sharing Facilities and Administrative Costs

OMB A-110 Subpart C .23 (b) states that unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the federal awarding agency. Where allowed by the sponsor, unrecovered Facilities and Administrative Costs will be **imputed** as cost share in the proposal budget. The Office of the Comptroller uses 09222-00000-7515 to account for such commitments.

6.7. Cost Sharing from Third Parties

Cost sharing may come from arrangements with non-University sources. These arrangements must be clearly documented before the proposal is submitted. Documentation ordinarily consists of a Letter of Intent from the entity making the commitment. The letter must be included in the

proposal file at ORSP, regardless of whether the sponsor requires the letter to be submitted along with the proposal. Cost sharing from third parties will comply with all other parts of this section as deemed relevant. Cost sharing that involves soliciting contributions from private entities or individuals ordinarily requires the approval of the dean and the Vice President of University Advancement.

7. Letters of Intent and Letters of Support

7.1. Roles and Responsibilities: Letters of Intent and Letters of Support

Principal Investigator

- For a proposal being submitted by Marquette University that names another institution as a collaborating entity or subawardee, the PI is responsible for requesting a letter of intent as needed from that institution.
- The PI is responsible for securing letters of support as needed.
- For a proposal being submitted by another institution that names Marquette University as a collaborating entity or subawardee, the Marquette PI responsible for the collaboration must prepare a statement of work and a budget. On the basis of these documents and other materials as may be required from the applicant institution, ORSP will prepare a letter of intent. The letter of intent and its attachments must be routed for approval using the Proposal Registration form before being transmitted to the applicant institution.

ORSP

- ORSP is responsible for determining the adequacy of letters of intent from proposed subawardees and for accepting and acknowledging such letters as appropriate.
- Where an outside entity proposes to name Marquette University as a collaborator or subawardee in an application to a sponsor, the institution submitting the application will require a letter of intent from Marquette. The Vice Provost for Research and Graduate Programs and the Executive Director of ORSP are authorized to sign these letters.

7.2. Letters of Intent Distinguished from Letters of Support

A letter of intent, sometimes called a letter of commitment, is an institutional promise to devote effort or resources to another institution's project in the event of award. The letter of intent is a precursor to a subaward.

A letter of support expresses agreement with the aims, methods, or anticipated outcomes of the proposed project but makes no specific promise to perform in the event of an award. Letters of support are typically addressed to the Principal Investigator at the applicant institution.

7.3. Letters of Intent

For the form and content of a typical letter of intent, see SPM 16, Subawards.

Marquette is the primary applicant and another institution is named as collaborator or subawardee: If a collaborating institution is named in a proposal being submitted by Marquette University, a letter of intent must be prepared by the collaborating institution, signed by a person authorized to enter into agreements on behalf of that institution, and directed to the Executive Director, ORSP. ORSP must review and approve the letter of intent before Marquette's application is submitted to the sponsor.

In cases where the subaward is contemplated after an award has been made, the collaborating institution must provide a letter of intent to ORSP before Marquette requests the sponsor's approval to allow the subaward.

Another institution will submit an application naming Marquette as a collaborator or subawardee: Where an outside entity proposes to name Marquette University as a collaborator or subawardee in an application to a sponsor, the Marquette PI responsible for the collaboration must prepare a statement of work and a budget. On the basis of these documents and other materials as may be required from the applicant institution, ORSP will prepare a letter of intent. The letter of intent and its attachments must be routed for approval using the Proposal Registration form before being transmitted to the applicant institution.

7.4. Letters of Support

An investigator at another institution who will collaborate informally with the Marquette Principal Investigator may provide a letter of support. However, if the Marquette proposal specifically promises that the individual will devote quantified effort or resources to the project, Marquette requires that the institution provide a letter of intent signed by that institution's authorized official and transmitted to the Executive Director, ORSP.

8. Proposal Registration

The Proposal Registration form serves as an internal summary of the proposal and provides a checklist of project characteristics and commitments. The PI uses the Proposal Registration form to route the proposal in order to obtain the appropriate institutional endorsements. The Proposal Registration form must be accompanied by the final version of the proposal, including its budget, which the PI will submit to the sponsor.

The following table summarizes most types of commitment and the persons authorized to endorse these commitments in extramural proposals. Note that the person asked to endorse the commitment may be required to obtain the approval or concurrence of others. New space, for example, requires approval of the University Space Committee. New academic programs may require approval by several campus committees and the Board of Trustees (see the Office of the Provost website for details). For such commitments, the person endorsing the Proposal Registration form warrants that the appropriate approvals have already been secured. Persons requesting these kinds of commitments are advised to give endorsers ample time to obtain these approvals.

Commitment	Requires endorsement by
Reduced course load	Chair and Dean
Cost shared or contributed effort	Chair and Dean
Graduate Tuition	RC account holder
Cost share or matching dollars from Marquette	Dean and RC account holder
Under-recovery of F&A Costs where required by sponsor	Chair and Dean
Voluntary under-recovery of F&A Costs	Vice Provost Research Graduate Programs
Efforts to raise cost share or matching from third parties	Dean, UA Vice President
Special network/technology requirements and/or e-courses	ITS Chief Information Officer
Marquette support after the sponsor's support ends	Dean and Provost
New permanent lines	Dean and Provost
New space	Dean and Provost
Renovation	Dean
Purchase or lease of off-campus space	Dean
Establish a new academic program or change an existing one	Provost

8.1. Roles and Responsibilities, Proposal Registration

Principal Investigator

- The PI requests that ORSP prepare the Proposal Registration form and provides the data required for its preparation.
- The PI reviews and endorses the Proposal Registration form and is responsible for its accuracy and completeness.

- The PI is responsible for routing the form in a timely manner to obtain appropriate endorsements.
- In cases where the project involves the use of regulated research resources (e.g., human subjects, vertebrate animals, recombinant DNA, radioisotopes), the PI must so indicate. **See SPM 11, Regulatory Compliance.**

Department Chair

- The chair approves the proposal with particular attention to accuracy of contract salaries, appropriateness of committed effort, adequacy of the budget relative to the scope of work, appropriateness of the budget justification, and availability of departmental resources. If the chair does not approve the budget, he or she must return it to the PI for resolution.
- The chair is the first level of approval for proposed cost sharing. In cases where the cost sharing involves resources not under the chair's authority, the chair approves and forwards the request to the appropriate administrator, usually the dean of the college or school. If the chair does not approve the cost-sharing request, he or she must return the application to the PI for resolution. **See SPM 6, Cost Sharing.**
- The chair must approve and recommend to the dean any required or voluntary under-recovery of F&A. **See SPM 5.3 Under-recovery of F&A Costs.**

Dean

- The dean approves the proposal with particular attention to commitment of college or school resources. If the dean does not approve the proposal, he or she must return it to the chair and PI for resolution.
- The dean approves proposed cost sharing by the college or school. In cases where the cost sharing involves resources not under the dean's authority, the dean approves and forwards the request to the person with authority to make such commitments. If the dean does not approve the cost-sharing request, he or she returns the application to the chair and PI for resolution. **See SPM 6, Cost Sharing.**
- The dean may approve under-recovery of F&A costs where required by the sponsor. **See SPM 5.3 Under-recovery of F&A Costs.**
- The dean may approve and recommend to the Associate Vice Provost for Research and Graduate Programs any voluntary under-recovery of F&A Costs.

Associate Vice Provost for Research and Graduate Programs

- Approves voluntary under-recovery of F&A. **See SPM 5.3 Under-recovery of F&A Costs.**

ORSP

- ORSP prepares the Proposal Registration form at the request of the PI and relies upon the PI for data required for its preparation.
- ORSP is responsible for final review and acceptance of the Proposal Registration form.

- In cases where the form indicates the use of regulated research resources (e.g., human subjects, vertebrate animals, recombinant DNA, radioisotopes), ORSP routes the Proposal Registration form and a copy of the proposal to the Office of Research Compliance.
- ORSP is responsible for coordinating intergovernmental review of proposals subject to Executive Order 12372.

8.2. Endorsements and Routing

The PI endorses the Proposal Registration form to certify that personnel named in the application have agreed to participate in the project if it is funded. The PI certifies that he or she accepts responsibility for the conduct of the project. The PI certifies that he or she and all key personnel have received or will receive NIH mandated training in the protection of human subjects, if appropriate.

Routing. The PI is responsible for routing the proposal and Proposal Registration form. The department chair and dean must review and approve the proposal, certifying that the project is consistent with the unit's mission and that commitments of University resources are clearly understood and approved. Where resources are committed beyond his or her authority to approve, the department chair or dean must seek approval from the appropriate University official. Where the proposal involves two or more departments or units, the Principle Investigator must secure appropriate endorsements from each unit using the Proposal Registration form and, as needed, additional endorsement pages.

The PI finally routes the proposal to ORSP, where it is reviewed for compliance with the regulations and requirements of the federal government, sponsor, and University. ORSP will add to the application packet any assurances and certifications required by the sponsor and may collaborate with other offices to secure appropriate documentation as needed.

8.3. Intergovernmental Review of Federal Programs

ORSP is responsible for determining whether the application is subject to intergovernmental review under Executive Order 12372 and, if necessary, securing such review from the State of Wisconsin Single Point of Contact.

8.4. Final Approval and Transmittal to the Sponsor

The Executive Director of ORSP must approve all applications before they are submitted to the prospective sponsor. Approval to submit the proposal to the sponsor is granted when the Executive Director signs the Proposal Registration form and, where appropriate, the application cover sheet and other forms as required by the sponsor.

The PI is responsible for making any required copies and transmitting the application to the sponsor. Where proof of mailing is required, the PI is responsible for obtaining appropriate proof and retaining it for future reference.

9. Disclosure of Financial Interest

Marquette University's Conflict of Financial Interest Certification Policy was approved by the Academic Senate on November 29, 1995 and by the Academic Vice President, January 1, 1996.

Certification of Financial Interest forms and instructions are available at the ORSP web site, <http://www.marquette.edu/orsp/tools/>.

9.1. Roles and Responsibilities

Principal Investigator

- The PI is responsible for securing completed Certification of Financial Interest forms from all key personnel and providing them to ORSP in a timely manner with the Proposal Registration form and as required thereafter.

Deans

- Deans provide local oversight and may be involved in the resolution of conflicts of interest disclosed by faculty in their reporting line.

ORSP

- ORSP coordinates the collection and keeping of completed Certification of Financial Interest forms.
- The Executive Director of ORSP is responsible for review of Certification forms.
- The Executive Director of Research and Sponsored Programs is responsible for determining the existence of a conflict based on the Certification and, in consultation with others as appropriate, developing and implementing a plan to manage, reduce, or eliminate the conflict.

Vice Provost for Research and Graduate Programs

- Provides institutional oversight for the policy.
- Considers appeals, in consultation with an advisory board, as outlined in the policy.

9.2. University Policy

To avoid any possible conflict of interest in the conduct of grant or contract activities, the following safeguards are established, as mandated by federal law¹, to prevent employees or consultants from using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business or other ties. Adopting this policy not only complies with federal requirements, but also helps insure that high standards of scientific integrity govern the conduct

of sponsored projects, thereby bolstering public understanding and trust of science. Accordingly, this policy is effective immediately.

9.3. Implementation

At the time a grant or contract is submitted to an extramural sponsor and registered in the Office of Research and Sponsored Programs (ORSP), whether to a governmental or nongovernmental sponsor, the Principal Investigator or Project Director must file a Conflict of Interest Certification Form with ORSP. The following provisions apply.

Each Principal Investigator or Project Director² must disclose to the Executive Director of the Office of Research and Sponsored Programs all significant financial interest³ of the investigator, including those of the investigator's spouse and dependent children:

- that would reasonably appear to be affected by the research or education activities proposed for funding, or
- in entities whose financial interests would reasonably appear to be affected by such activities.

While the initial disclosure must be provided at the time the proposal is submitted, each disclosure must be updated annually or sooner if new reportable significant financial interests are obtained.

If an actual or potential conflict of interest exists, the Executive Director of Research and Sponsored Programs will determine what conditions or restrictions, if any, should be imposed to manage, reduce, or eliminate such conflicts⁴. These conditions or restrictions might include, but are not limited to, the following.

- Public disclosure of significant financial interests
- Monitoring of research by independent reviewers
- Modification of the research plan
- Disqualification from participation in the portion of the grant or contract that would be affected by the significant financial interests
- Divestiture of significant financial interests
- Severance of relationships that create actual or potential conflicts

If the Executive Director determines that imposing conditions or restrictions would be either ineffective or inequitable and that the potential negative impacts that may arise from a significant financial interest are outweighed by interests of scientific progress, technology transfer, or the public health and welfare, then the Executive Director may allow the research to go forward without imposing such conditions or restrictions.

Each condition or restriction, if imposed, will include adequate enforcement mechanisms that allow for sanctions where appropriate. Faculty members may appeal decisions of the Executive Director by presenting their cases in writing to the Vice Provost for Research and Graduate Programs who will consider the pertinent facts in consultation with a Conflict of Interest Advisory Board. Failure to file a complete Disclosure of Financial Interest Form or to comply

with any conditions or restrictions imposed on the conduct of the project all constitutes grounds for University discipline up to and including termination of employment. Specific sanctions will be determined by the Provost after a timely review of pertinent facts. Further, ORSP will keep pertinent agencies appropriately informed.

ORSP and responsible parties will maintain records of all financial disclosures and of all actions taken to resolve actual or potential conflicts of interest until at least three years after the termination or completion of the award to which those records relate, or the resolution of any government action involving those records.

NOTES

1 PHS: 60 FR 35810-35819; NSF: 60 FR35820-35823, both issued in the Federal Register (FR) on July 11, 1995.

2 The terms "Principal Investigator" and "Project Director" include other key project personnel who have independent responsibility for accomplishing project objectives.

3 "Significant financial interest" means anything of monetary value, including, but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). The term does not include (1) salary, royalties or other remuneration from Marquette University; (2) income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities; (3) income from service on advisory committees or review panels for public or nonprofit entities; (4) an equity interest that, when aggregated for the investigator and the investigator's spouse and dependent children, meets both of the following tests: does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and does not represent more than a 5% ownership interest in a single entity; or (5) salary, royalties, or other payments that, when aggregated for the investigator and the investigator's spouse and dependent children, are not expected to exceed \$10,000 during the next twelve month period.

4 An actual or potential conflict exists when the Executive Director of Research and Sponsored Programs, in consultation with others as appropriate (e.g., department chair, academic dean, graduate dean, general counsel, internal auditor), reasonably determines that a significant financial interest could affect the design, conduct, or reporting of the research, educational, or service activities proposed for funding.

10. Lobbying Disclosure and Certification

Applications for federal grants, contracts, or cooperative agreements require that the University certify compliance with 31 U.S.C. 1352 and 45 CFR 93 pertaining to lobbying. Specific definitions of "lobbying" vary with each specific law, but in general "lobbying" means contacting or encouraging others to contact federal employees or elected officials in an attempt to influence the outcome of a decision, award, law or other government action. This document outlines Marquette University's plan to ensure compliance with these laws.

Various other federal, state and local laws create additional rules and reporting requirements for lobbying activities. Compliance with these rules and reporting requirements is the responsibility of the Office of Public Affairs.

All Marquette employees must contact the Office of Public Affairs before engaging in any lobbying.

10.1. Roles and Responsibilities. Lobbying Disclosure and Certification

The Office of Public Affairs

- Is the sole point of contact for University lobbying.
- Informs The Office of Research and Sponsored Programs (ORSP) of any activity requiring a Disclosure of Lobbying Activities using Standard Form-LLL.
- Informs ORSP of any material change in previously reported activity, such as new activity or a change in lobbying personnel.

The Office of Research and Sponsored Programs

- Signs and submits Certifications as required by 31 U.S.C. 1352 and 45 CFR 93.
- Prepares and submits SF-LLL to the sponsor as required.
- Flows down certification and reporting requirements to subawardees and subcontractors.
- Provides the Office of Public Affairs (OPA) with any SF-LLL report submitted by a subawardee or subcontractor.

What does the University certify? The Certification Regarding Lobbying attests to the fact that no federal appropriated funds have been paid or will be paid, by or on behalf of Marquette, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

The Certification further promises that if any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the Executive Director of ORSP will submit Standard Form LLL, "Disclosure of Lobbying Activities."

Who signs the Certification and when? At the time an application is submitted to a federal agency and as required by 31 U.S.C. 1352, the Executive Director of ORSP will sign and submit an appropriate Certification Regarding Lobbying.

To whom is the Certification sent? The Certification is submitted to the sponsor as a part of the application. Copies of all signed Certifications are kept with the institution's submitted applications in ORSP's central files.

When must Marquette submit SF-LLL? The reporting requirement does not apply to regularly employed officers or employees of the University or to a contract, grant, cooperative agreement, or subcontract that does not exceed \$100,000. In such cases, the University need not submit SF-LLL. Nevertheless, any exemption from the reporting requirement must be reviewed and approved by the Vice President for Public Affairs. Marquette must report any outside lobbying registrant retained by the Office of Public Affairs whose efforts are associated with a particular grant, contract, or cooperative agreement that exceeds \$100,000.

When reportable activity has occurred before the application has been submitted, our preference will be to submit SF-LLL at the time an application is submitted to a federal agency. ORSP will prepare SF-LLL and attach it to the application along with and as part of the application. Alternatively, ORSP may submit SF-LLL at the time the Executive Director of ORSP acknowledges receipt of the award if ORSP did not already submit the disclosure with the application. In this case, ORSP will send the form to the Grant Management Officer identified in the award documentation unless otherwise instructed by the agency in the award documentation.

ORSP must also submit SF-LLL at the end of each calendar quarter (March 31, June 30, September 30, December 31) in which there occurs any event that materially affects the accuracy contained in any declaration previously filed in connection with the federal grant, contract, or cooperative agreement. ORSP will submit the form to the Grant Management Officer unless otherwise directed by the agency in the award documentation.

ORSP will provide copies of all SF-LLL disclosures to the Office of Public Affairs and to the Principal Investigator or Project Director at the time ORSP submits the forms to the federal agency. ORSP will also provide the Office of Public Affairs with a copy of the Federal Application Cover Sheet along with each completed SF-LLL disclosure.

How will ORSP know when lobbying has taken place (i.e., how will ORSP know when to submit an initial SF-LLL disclosure and what the content of the disclosure should be)? The Office of Public Affairs oversees all lobbying activity and prepares periodic lobbying reports as

required by the Lobbying Act of 1995. Before any lobbying begins on behalf of a federal grant, contract, or cooperative agreement, the Office of Public Affairs will provide to ORSP:

- a. the working title of the project
- b. the name of the Marquette University Principal Investigator or Project Director
- c. the name of agency from which the award is sought
- d. the type of federal action being requested (grant, contract, cooperative agreement)
- e. the name and address of the lobbying registrant
- f. the names of the individuals performing the services

How will ORSP know when a material change has taken place (i.e., how will ORSP know when a SF-LLL disclosure reporting a material change is required) and what the content of the amended disclosure should be? An amended SF-LLL is required at the end of each calendar quarter (March 31, June 30, September 30, December 31) in which there occurs any event that materially affects the accuracy contained in any declaration previously filed. For example, if the previously reported lobbying registrant or individuals performing the services should change, ORSP must submit a new SF-LLL.

The Office of Public Affairs will advise ORSP of any material changes in the information previously reported. The Office of Public Affairs will have copies of all SF-LLL disclosures that ORSP has previously submitted to the federal agencies. The University's agreement with the outside lobbying registrant will require the lobbying registrant to periodically report to the Office of Public Affairs their activity and any material changes that would require the University to submit a new SF-LLL under 31 U.S.C. 1352.

What about subawards and subcontracts? ORSP will require that the language of the Certification be included in award documents for all subawards, including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements and that all subrecipients certify and report accordingly.

Subawardees or subcontractors who have reportable activity must submit their SF-LLL disclosures to ORSP. ORSP will send copies of SF-LLL disclosures from subrecipients to the sponsoring agency and to the Office of Public Affairs.

In cases where Marquette is a subawardee, the Office of Public Affairs will advise ORSP of any activity requiring a SF-LLL report. At the time the University enters into a subcontract or subaward agreement, the Executive Director of ORSP will sign an appropriate Certification as required by 31 U.S.C. 1352. At that time, if reportable activity has occurred, ORSP will also submit SF-LLL to the prime awardee unless otherwise directed by the award instrument and will provide a copy of the SF-LLL report to the Office of Public Affairs along with the Notice of Grant Award and Application Cover Sheet.

11. Regulatory Compliance

Projects involving human subjects, vertebrate animals, recombinant DNA, or radioisotopes are subject to federal and/or state regulations, and the PI is responsible for securing appropriate and timely regulatory approval through the Office of Research Compliance and from the appropriate compliance office at any off-campus performance sites.

Some sponsors (e.g., NIH and NSF) do not require certification of approval at the time the application is submitted, but do require certification before making an award. Other sponsors (e.g., the Spinal Cord Society) require documented approval at the time the application is submitted. It is the PI's responsibility to know when documented approval is required by a sponsor and to secure timely certification for regulated research.

11.1. Roles and Responsibilities, Regulatory Compliance

Principal Investigator

- The PI identifies the regulatory requirements for the proposed activity and prepares appropriate forms for approval by the responsible committee: the Institutional Review Board (IRB), the Institutional Animal Care and Use Committee (IACUC), the Institutional Biosafety Committee (IBC), or the Radiation Safety Committee (RSC).
- The PI ensures that all personnel involved in regulated research are appropriately trained and, where appropriate, certified. The Office of Research Compliance provides training, assistance, and oversight to Marquette personnel in the areas of regulatory compliance.
- Where the PI elects to work with off-campus personnel, the PI will secure appropriate certification from the institution employing the personnel or make arrangements with the Office of Research Compliance to have the personnel trained and certified.
- The PI and key personnel complete and endorse Disclosure of Financial Interest forms along with the ORSP Proposal Registration form.
- If a potentially significant conflict of interest exists or develops during the course of the sponsored project, the PI prepares a Disclosure of Financial Interest form and submits it to ORSP.
- The PI adheres to approved research protocols and policies and notifies the Office of Research Compliance if changes are made.
- The PI ensures that continuing review and approval requirements are met and assists with inspections.
- The PI adheres to safety requirements involving chemicals, biological materials, vertebrate animals, and radioactive materials and reports any adverse events to the Office of Research Compliance or Risk Management, whichever is appropriate.

Office of Research Compliance (ORC)

- Coordinates submission of protocols to regulatory committees.

- Communicates outcomes of protocol review to PI and others as appropriate.
- Maintains documentation regarding protocol review and approval.
- Coordinates the University's required training in the protection of human subjects, animal use, and radioactive isotopes.
- Maintains records of trainees.
- Requires training for all PIs and key personnel, regardless of funding.

Risk Management

Reserved.

ORSP

- Coordinates, with the PI and the Office of Research Compliance, the transmittal of protocol approvals and training certification to sponsors as required.

Vice Provost for Research and Graduate Programs

- Provides institutional oversight over regulatory compliance.

11.2. Approvals and Routing

At the time a PI submits a proposal involving regulated research resources, ORSP transmits a copy of the Proposal Registration form and proposal to the Office of Research Compliance for their reference. The Office of Research Compliance compares the pending or approved protocols to those described in the proposal. It is the PI's responsibility to contact the Office of Research Compliance promptly to initiate the process of protocol review, renewal, or modification.

11.3. Required Training in the Protection of Human Subjects

All PIs and key personnel planning to work with human subjects, regardless of funding, must complete the NIH Training Tutorial. The Tutorial issues a certificate upon completion, which the trainee must print. PIs and key personnel must provide their training certificates to the Office of Research Compliance. The tutorial is accessible through the Office of Research Compliance web site, <http://www.marquette.edu/researchcompliance>.

A PI submitting a research application to the National Institutes of Health must also provide to the ORSP these training certificates, documenting that he/she and all key personnel have received training in the protection of human subjects.

PIs must provide the certificates to ORSP before the University can accept an award. In the case of NIH, the PI must submit the certificates to ORSP, and ORSP must submit the certificates to NIH at the time NIH makes a request for such materials -- typically at the time the application is being forwarded for peer review.

Some institutions have different training requirements. If the project involves investigators from other institutions, ORSP must receive written notice from their institutional official or grants and contracts office to certify that they have received the training as well. If a non-Marquette investigator does not have an institutional official or grants office, he or she can provide ORSP with the NIH Training Tutorial certificate. Work at the collaborating institutions cannot begin until ORSP receives appropriate certifications from each institution.

12. Award Notification, Negotiation, and Acceptance

12.1. Roles and Responsibilities, Award Notification, Negotiation, and Acceptance

ORSP

- Reviews and endorses award notifications.
- In consultation with the Principal Investigator and others as appropriate, negotiates award terms.
- In cooperation with the PI, communicates changes to the chair, dean, or collaborating institutions.

Principal Investigator

- Advises ORSP of any developments during the period between the application and award that require changes to the proposed budget or scope of work.
- Where the notice of award significantly differs from the proposal, the PI reviews and approves the award, budget, terms and conditions.
- Where the award requires new or substantially different commitments, the PI consults with others as appropriate (chair, dean, collaborators) to secure review and approval.

12.2. Award Notification

ORSP and the PI are responsible for reviewing the terms and conditions of an award prior to its acceptance by the University. ORSP is responsible for ensuring that the sponsor requirements are compatible with the University's sponsored project policies, consistent with governmental regulations applicable to universities, and reflect the understandings agreed upon prior to the award. The PI is responsible for ensuring that the terms and conditions of the award are compatible with the proposed work. ORSP has the primary responsibility for resolving any differences between the University and the sponsor with regard to terms and conditions of new awards as well as modifications and amendments to existing awards.

Sponsors must be directed to send any award notice to the Office of Research and Sponsored Programs. As it happens, however, sponsors sometimes send award notices to other campus offices. Some federal agencies, for example, send notices directly to the PI or to the Vice President for Finance. In such cases, recipients are required to forward the notice and accompanying documents to ORSP for action.

12.3. Award Negotiation

- In the event that a sponsor requests substantial changes to the budget (involving a reduction equal to or greater than 20% overall), the PI should consider modifying the scope of work to reflect the reduced level of available support.
- Where no reduction in the scope of work is proposed, or where the reduced budget has an impact on a University cost sharing commitment, the PI must seek the concurrence, in writing, of those who endorsed the Proposal Registration form. To facilitate this review, the PI may request that ORSP prepare a new Proposal Registration form.
- In cases where the sponsor requests changes that impact regulatory compliance (for example, if the sponsor requests a change that will affect a submitted or approved human subjects protocol), the PI must ensure that an amendment is provided to the appropriate regulatory committee in a timely manner.
- In the event the sponsor proposes or requires changes that affect the work, budget, or regulatory compliance for a subawardee, the PI and ORSP will work together to communicate the changes to the subawardee institution and resolve the changes.

12.4. Award Acceptance

The President of the University has delegated to the Vice Provost for Research and Graduate Programs and the Executive Director of the Office of Research and Sponsored Programs the legal authority to sign grants, contracts, and assurances and to commit University funds in connection with those grants and contracts. Only an authorized representative may sign a sponsor agreement or other instrument to indicate the University's acceptance of an award.

The terms and conditions of an award, including the text of the accepted proposal and its budget, legally bind the University and its employees. Most sponsors require that the University formally accept the award by signing an award notification. Some sponsors do not require a signature but rather state in the award notice that the University indicates its acceptance of the award terms and conditions by drawing down funds. In either case, only an authorized representative of the University may accept an award, either by endorsing an award agreement or by authorizing the establishment of an account from which sponsor funds or University cost-share funds may be expended.

Upon receipt of award notification, the Executive Director will seek consultation or concurrence as necessary. In some cases, the Executive Director of ORSP may seek the advice of the Office of the General Counsel regarding the form of the award agreement.

ORSP will prepare a response to the sponsor organization if appropriate, forward relevant documentation to the PI and to the Comptroller's Office along with a request for a restricted account, prepare appropriate internal notifications of the award, and update the project file maintained by ORSP.

Faculty Acknowledgement of Contract Terms and Conditions

Contracts and subcontracts (i.e., procurement actions) are, as a rule, more restrictive than grants from government agencies or non-profit foundations. For this reason, agreements involving corporations require especially careful review.

In some cases, the Executive Director of ORSP may seek the advice of the Office of the General Counsel regarding the form of the agreement.

In all cases, and before endorsing a corporate research agreement or subcontract, ORSP requires that the Marquette PI sign a Faculty Acknowledgement form to ensure that the PI understands and accepts the terms and conditions of the award.

In cases where the award does not modify the original proposal, ORSP will regard the endorsement of the PI and others on the Proposal Registration form as sufficient concurrence and will consult only with the PI before accepting the award.

13. Budget Management

13.1. Roles and Responsibilities, Budget Management

Purchasing Department

- The Purchasing Department works closely with the PIs to satisfy technical purchasing needs.
- The Purchasing Department is responsible for setting up new vendors to ensure that the University has appropriate vendor agreements and sales contract language to minimize the University's financial and legal risk.
- The Director of Purchasing and his/her department is responsible for vendor selection, the administration of the Purchasing Policies and Procedures, and maintenance of the university purchasing system (MFS-Purchasing).
- The Purchasing Department must be careful not to engage in business relationships with debarred vendors. A current list of debarred vendors is available online at www.epls.gov/servlet/EPLSReportMain/1. Choose the “Procurement” exclusion type.

Office of the Comptroller

- The Office of the Comptroller is responsible for monitoring, recording, and reporting the University's financial activity in accordance with University policy and procedures, external audit requirements, generally accepted accounting principles, and governmental rules and regulations.
- The Office of the Comptroller must be careful not to engage in business relationships with debarred vendors. At least quarterly, the Accounts Payable Manager will review the published list of debarred vendors and update the internal controls to prevent payments to them. The list is available online at www.epls.gov/servlet/EPLSReportMain/1. Choose the “Procurement” exclusion type.
- The Office of the Comptroller prepares financial statements and transmits them to PIs monthly.

Principal Investigator

- The PI determines whether the expenditures are allowable, reasonable, and allocable to the project. The PI approves expenditures and provides justification for each transaction.
- The PI initiates purchases. This may be delegated using the Authorized Signature form provided when the sponsored project account is established.
- The PI must also be careful not to engage in business relationships with debarred vendors. A current list is available online at www.epls.gov/servlet/EPLSReportMain/1. Choose the “Procurement” exclusion type.
- The PI works with the Office of the Comptroller and ORSP to correct any charges made in error to the account.

- The PI initiates salary authorizations as appropriate for project personnel.
- The PI initiates the process of documenting cost-sharing.
- The PI initiates requests for rebudgeting using the Budget Transfer form. ORSP assists the PI with rebudgeting requests to ensure compliance with sponsor and University requirements.
- The PI initiates and justifies cost transfer requests using the Grant Expenditure Transfer form. The Departmental Expense Transfer form cannot be used for transfers involving sponsored project accounts.
- The PI works with ORSP to secure subawards as needed.
- The PI monitors subrecipient performance and approves payment of subrecipient invoices.
- The PI monitors the financial status of the project account and identifies and resolves errors in the account in a timely manner.
- The PI proposes resolution of any overdraft.
- The PI reviews interim and final project statements prepared by the Office of the Comptroller, ensuring they are accurate, include all expenditures incurred to date, and not overdrawn. These project statements serve as the basis for the financial reports submitted by the Office of the Comptroller Grants Accounting to the sponsoring agency.
- The PI identifies any program income for the Associate Manager of Grants Accounting in the Office of the Comptroller. The PI proposes its allocation and works with ORSP to ensure that any allocation of program income meets the sponsor's and the University's requirements.
- The PI monitors receipt of program income and reviews reports of program income submitted to the sponsor by the Office of the Comptroller.
- At the end of the project budget period, the PI may submit a written request and justification to ORSP that remaining balances be carried forward or may initiate a written request and justification for a no-cost extension. The PI works with ORSP to ensure compliance with the sponsor's requirements concerning unexpended funds.

ORSP

- Assists the PI with grant budget transfer requests to ensure compliance with sponsor and University requirements. Reviews and endorses requests for grant budget transfers.
- Reviews and endorses requests for grant expenditure transfers.
- Works with the PI to prepare subawards and subcontracts as needed.
- Works with the PI to ensure that any allocation of program income meets the sponsor's and the University's requirements.
- Assists the PI with requests to carry forward unexpended funds.
- Administers Expanded Authorities as granted by the sponsor.

13.2. Establishing the Account

Upon acceptance of an award, ORSP notifies the PI and submits a request to Grants Accounting in the Office of the Comptroller to assign a restricted account number in the 70000 series. The request includes a Grant Accounts Receivable input form for the Marquette Financial System

(MFS) and documentation from the sponsor regarding special terms and conditions, payment schedule, and the names of those authorized to approve expenditures.

Grants Accounting in the Office of the Comptroller reviews the materials and establishes a restricted account in the 70000 series. In this way, project expenses are readily associated with the source of sponsorship, and sponsor funds can be easily accounted.

When Grants Accounting in the Office of the Comptroller has established an account number, they will notify ORSP. ORSP then provides the account number to the PI with a reminder to review the notice of grant award, proposal, any sponsor terms and conditions that must be observed, and the schedule of technical reports due to the sponsor.

13.3. Authorizing Expenditures from the Grant Account

Expenditures made against grants awarded to the University are primarily the responsibility of the Principal Investigator. The PI must conform to the budget as awarded or as modified through the procedures described in this manual and ensures that funds are utilized only for the purpose for which they were awarded.

The PI may authorize other individuals to sign off on expenditures against the grant account. PIs use the Authorized Signature Form, provided by ORSP in the account set-up package, to designate authorized signers. Those individuals so designated must sign the form, a copy of which is retained by the Office of the Comptroller for reference.

The Principal Investigator's signature, or that of a person authorized by the Principal Investigator, is required on any request for a charge against a grant.

The Principal Investigator remains responsible for expenses approved by persons he or she has authorized as signers.

All requests for expenditures must be made through the Office of the Comptroller using the forms provided for that purpose, including Purchase Orders, Direct Invoice Vouchers, and Travel Expense Reimbursement forms. These forms are available online at <http://www.marquette.edu/comptroller/forms1.htm>.

The Office of the Comptroller is responsible for determining the propriety of expenditures to grant accounts based on the awarded budget. This includes ensuring that an appropriately authorized signer has approved the expenditure.

13.4. Salary Authorizations

PIs must ensure that salary authorizations for project personnel are completed at the earliest possible opportunity to ensure that funds are drawn down and expenditures accounted in a timely manner.

The PI is responsible for initiating Salary Authorizations for him or herself and all those who receive salary from the grant or who have committed effort as cost share.

For instructions and forms related to the Salary Authorization process, PIs should contact their unit business manager or department chair.

13.5. Procurement, including Subcontracts

Expenditures from grant accounts will adhere to the University's business policies and procedures. The Purchasing Department is responsible for qualifying and selecting vendors. For policies regarding the University's policies and procedures related to purchasing, vendor selection, receipt/return of merchandise, vendor contracting, and related matters, see <http://www.marquette.edu/purchasing>.

Subcontracts to procure goods or services (for example, consulting services and speakers) will adhere to the guidance provided in SPM 17, Subcontracts for Services (Procurement). All grant-funded subcontracts (i.e., those paid from 70000 series accounts) must be endorsed by ORSP. The purpose of this endorsement is to verify that the subcontract is allowed by the sponsor and that the action does not require a subaward agreement. The PI is responsible for ensuring that adequate funds are available for the subcontract and that the expenditure is reasonable and allocable to the project.

13.6. Monitoring the Grant Account

PIs must review account statements on a monthly basis to ensure that they accurately reflect grant-funded activity. For each budget subaccount, each month the Office of the Comptroller furnishes the Principal Investigator with:

- a Project Statement totaling the project expenditures to date,
- a Detail Expense Report, and
- an Encumbrance Report.

In order to monitor disposition of funds, many PIs find it helpful to keep their own financial accounting, deducting expenditures at the time the expenditure is requested from the Office of the Comptroller.

Requests that would result in an overdraft in any budget "natural" or subaccount will not be paid. Grants Accounting will notify the PI who must then take the necessary steps to identify appropriate funds to cover the overdraft. The PIs department is ultimately liable for such overdrafts.

In the event an account statement contains a discrepancy, the PI should immediately contact Grant Accounting staff in the Office of the Comptroller to report and resolve the discrepancy.

13.7. Accounting for Cost-shared Expenses

See SPM 6, Cost Sharing, for additional guidance.

The University will use companion accounts to allocate cost shared expenses to particular projects. Cost sharing in research projects must be included in the University's research base.

The PI must initiate cost-shared expenditures against the companion account in the same way and using the same forms as other grant expenditures.

13.8. Unallowable Costs

The PI is responsible for ensuring that charges made against the grant account comply with the University and the sponsor's policies and with any special terms and conditions attached to the award. Charges deemed unallowable by the sponsor are the responsibility of the PI's department.

13.9. Overdrafts

An overdraft occurs when expenditures charged to a project exceed the funds awarded by the sponsor and/or the funds committed as cost share in the proposal.

The PI must resolve all overdrafts in a timely manner so that the Office of the Comptroller can submit timely reports to the sponsor.

Payments for overdrafts are the responsibility of the PI's department. In the event that a grant account is overspent, the over-expenditure will be charged to the operating account of the Principal Investigator's department. In the event these funds are not sufficient, the remaining obligation will be charged to the department's operating budget in the next fiscal year.

13.10. Budget Transfers

A budget transfer moves budget dollars from one natural within an account to another natural within the same account.

PIs must use the Grant Budget Transfer form to submit rebudgeting requests to ORSP with a justification well in advance of when they are needed. The form and instructions for its use are available online at <http://www.marquette.edu/orsp/tools/>.

PIs are advised that transferring budgeted funds from personnel to non-personnel or from supplies to equipment may require prior sponsor approval. Sponsors often limit rebudgeting by specifying a level of rebudgeting that requires written sponsor approval (e.g., "rebudgeting in excess of 10% of any line item"). Sponsors may also restrict rebudgeting for certain items (e.g., "Rebudgeting participant stipends is not allowed except with the sponsor's prior written approval). Other sponsors allow ORSP to approve rebudgeting within limits (as in the case of NIH grants issued under "Expanded Authorities"). Consult with ORSP before incurring any expense that will require rebudgeting. Where ORSP has authority to approve rebudgeting, ORSP will advise the PI in writing and assist with the transfer. Where the sponsor's written approval is required, ORSP will work with the PI to justify the request and secure appropriate approval before making the transfer.

Most sponsors restrict the use of project funds. For this reason, many budget revisions (i.e., transferring funds from one category or natural to another) require prior approval from the sponsor. Examples of rebudgeting requests that always require a federal sponsor's prior written approval include rebudgeting trainee costs and rebudgeting from domestic to foreign travel. Where the sponsor has delegated approval rights to the University (e.g., granted "expanded authority"), PIs may request approval from ORSP.

The institutional record of the approval, along with a copy of the Grant Budget Transfer form and justification, is kept in the award file in ORSP. The original form is sent to Grants Accounting for review, processing, and retention.

Moving funds among categories could result in shifting costs from direct cost categories not covered by the F&A rate to those that are. Such budget changes automatically require a corresponding increase in the indirect cost category, which shall be taken from direct cost line items. Where funds move from direct cost categories covered by the F&A rate to those that are not, the F&A category will be adjusted downward, making additional funds available for direct expenses incurred by the project. Such funds are subject to the terms and conditions of the award and must be both allowable and allocable to the project.

13.11. Expenditure or Cost Transfers

An expenditure or cost transfer is a direct-charge expense transferred from one account to another after the charge has been posted in a financial accounting record. Marquette University's policies and procedures on cost transfers are consistent with OMB Circular A-21 Part C.4, Allocable Costs.

The "90 Day" Rule

Federal regulations disallow cost transfers which are not properly documented or not completed in a timely manner (i.e., within 90 days of the expenditure).

Requesting a Cost Transfer

To initiate a cost transfer request, the PI must submit a Grant Expenditure Transfer form with written justification and a rationale for the proposed allocation to ORSP. The request must be approved by ORSP and, at ORSP's request, by the Office of the Comptroller. Grants Accounting in the Office of the Comptroller reviews and processes these requests. The Grant Expenditure Transfer form is available at <http://www.marquette.edu/orsp/tools/>.

- Cost transfers are NOT allowed more than 90 days after the charge has been posted in the financial accounting record.
- Cost transfers are allowed to correct errors in original charges.
- Cost transfers are also allowed where the cost benefits both the sponsored agreement and other work of the institution in proportions that can be approximated through use of reasonable methods.

- 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.
- Costs allocable to a particular sponsored agreement may NOT be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.
- Any costs allocable to activities sponsored by industry, foreign governments or other sponsors may NOT be shifted to federally-sponsored agreements.

13.12. Program Income

Some sponsored projects generate income that must be accounted, reported, and expended in accordance with the sponsor's guidelines or policies and the terms of the award, if any. Examples include fees for services performed, registration fees for a sponsored conference, or proceeds from the sale of items fabricated under the award. Most sponsors require that project revenue be used to further eligible project objectives. In such cases, grantees may be required to expend program income before drawing down additional funds from the sponsor. In some cases, the sponsor may require that program income be used to reduce the sponsor's award commitment.

In the event that a federal sponsor does not specify in its regulations or the terms and conditions of the award how program income is to be used, OMB A-110 requires that the income be used to reduce the size of the federal sponsor's award commitment. This rule does not apply to research, however. For federal awards that support research, project income shall be used to further eligible project objectives unless the awarding agency indicates another alternative in the terms and conditions of the award.

For guidance regarding income from license fees and royalties, consult with ORSP.

14. Changes to the Project and Budget

When a sponsor makes an award to the University, the proposal, the approved project budget, and the notice of grant award constitute our legal agreement with the sponsor. In general, sponsors allow institutions some leeway to rebudget within and between budget categories to meet unanticipated needs and to make certain other types of changes during the award period. The official award notice typically defines the type and extent of changes that may be made and describes the approval process that grantees must follow. The degree of discretion varies from sponsor to sponsor and also depends on the type of award: Contracts typically allow less flexibility than grants, for example.

The following headings provide guidance regarding many kinds of changes that a sponsored project might require. As with all other budgetary matters, changes to a sponsored project budget must comply with the University's policies and procedures as well as with those of the sponsor and any terms or conditions of the award.

14.1. Roles and Responsibilities, Changes to the Project and Budget

See SPM 13. Budget Management

14.2. Incurring Pre-award Costs

Some, but not all, sponsors allow PIs to incur expenses before the award is formally issued. Consult with ORSP before incurring pre-award expenditures to ensure that the sponsor allows the proposed expenditure prior to the award.

- As with all expenditures, those proposed as pre-award costs must be reasonable, allowable, and allocable to the project.
- The cost must be clearly identified in the proposal budget, and the reason for incurring the cost before the award must be well justified.
- The PI initiates the request by submitting a description of the cost, justification, and timeline to his or her department chair.
- The department chair may forward the request to the area dean for further approval, at his or her discretion.
- The request must then be routed to ORSP for final approval.
- ORSP will request written authorization from the sponsor, if appropriate.
- ORSP requests that the Office of the Comptroller create a restricted account for the PI's use. This account will become the grant account in the event of an award.
- Authorized pre-award expenditures are paid and charged directly to the new restricted account.
- The PI's department assumes all risk for expenditures incurred before an award. If the expenditure is unallowable for any reason or the award fails to be made in a timely manner, the department originating the request is responsible for payment.

Marquette's policy on pre-award expenditures is consistent with OMB Circular A-110 Section _____.25 "Revision of budget and program plans" and is consistent with OMB A-21. OMB Circular A-110 Section _____.25 states that Federal awarding agencies have the option to authorize recipients to incur pre-award costs 90 calendar days prior to award or more than 90 calendar days with the prior approval of the Federal awarding agency. All pre-award costs are incurred at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs). For research awards, OMB A-110 automatically waives prior approval requirements unless: (i) The terms and conditions of award prohibit the extension. (ii) The extension requires additional Federal funds. (iii) The extension involves any change in the approved objectives or scope of the project.

14.3. *Rebudgeting*

See SPM 13.10, **Budget Transfers**.

14.4. *Transferring Amounts from Trainee Costs*

Moving funds originally budgeted for trainee costs (e.g., stipends, tuition remission) to other cost categories typically requires the prior written approval of the sponsor. Consult with ORSP to determine the appropriate approval process.

14.5. *Extension of a Project without Additional Funds (No-Cost Extensions)*

Most sponsors, including NSF and NIH, allow Marquette to extend the final budget period for a period of up to 12 months beyond the original expiration date shown in the notice of grant award.

Only ORSP can approve extensions or request extensions from sponsors. The University's request should be submitted to the sponsor at least 30 days before the scheduled termination date. No-cost extensions cannot be granted after the termination date.

To initiate an extension, the PI must provide ORSP with a written request that states the project title, the proposed ending date, and the reason for the extension. The PI must also provide updated or modified regulatory approvals and assurances (e.g., human subjects protocols) if these are required in the extension period.

The fact that funds remain at the expiration of a grant is not, in itself, sufficient justification for an extension.

Once an extension has been approved by ORSP, ORSP will forward the approval to Grants Accounting in the Office of the Comptroller to extend the grant end date and to update the reporting due date.

For NSF

The PI must request the extension from ORSP and provide supporting reasons for the extension and the revised expiration date. ORSP must formally advise NSF of the extension at least ten days prior to the expiration date specified in the grant.

If additional time beyond the extension provided by the grantee is required and exceptional circumstances warrant, a formal request must be submitted to NSF. The request must be submitted to NSF at least 45 days prior to the amended expiration date of the grant (the date on which the no-cost extension ends). The request must explain the need for the extension and include an estimate of the unobligated funds remaining and a plan for their use. The plan must adhere to the previously approved objectives of the project.

For NIH

The PI must request the extension from ORSP. ORSP must notify NIH of the extension 10 days prior to the expiration date for the project period. NIH will allow the extension if no additional funds are required from the sponsor, there is no change in the project's originally approved scope, and any one of the following applies:

- Additional time beyond the established expiration date is required to ensure adequate completion of the originally approved project.
- Continuity of NIH grant support is required while a competing continuation application is under review.
- The extension is necessary to permit an orderly closeout of a project that will not receive continued support.

In extending the final budget period of the project, the PI and Marquette agree to update all required certifications, including human subjects and animal welfare, in accordance with the applicable regulations and policies.

Any additional extension beyond the one-time extension of up to 12 months requires NIH prior approval. ORSP cannot use expanded authorities to extend project periods previously extended by the NIH awarding office.

14.6. Change in Scope of Work

Sponsors of research projects generally allow the PI to make changes in the methodology, approach, or other aspects of the project objectives (procurement contracts are less flexible than grants in this regard). Nevertheless, sponsors typically require that the grantee obtain prior written approval for changes in scope, direction, type of training, or other areas that represent a significant change from the aims, objectives, or purposes of the approved project. The PI must review the proposal and award notice to make the initial determination of the significance of a change and must consult with the sponsor as necessary. PIs should consult with ORSP if they have questions about changes a sponsor is likely to consider a change of scope.

14.7. Change in Status of PI or other Key Project Personnel

All sponsors require that ORSP formally notify them if the PI or other persons identified in the Notice of Grant Award as key personnel withdraw from the project or reduce their effort. Requests for such changes must be made to ORSP along with an explanation for the change and approval of the relevant Chair and Dean.

NIH and NSF require such notification if the PI or other person named in the Notice of Grant award withdraws from the project, is absent during any continuous period of 3 months or more, or reduces his or her time devoted to the project by 25 or more percent from the level approved at the time of award (for example, a change from 40 percent effort to 30 percent or less effort). The sponsor must approve any alternate arrangement, including any replacement personnel proposed by the grantee.

14.8. Addition of a Foreign Component

On federal grants, the addition of a foreign component to an already-awarded project requires prior written approval from the sponsor. If the foreign component is identified in the original proposal, the notice of grant award will ordinarily serve as such approval.

14.9. Carryover of Unobligated Balances from One Budget Period to the Next

Sponsor policies regarding carryover vary considerably. If it appears that there will be unspent funds, the PI should consult with ORSP at least 45 days before the end of the budget period to determine the appropriate procedures for carrying over unexpended funds where allowed.

14.10. Subcontracts and Subagreements Not Budgeted in the Original Proposal

Subcontracts and subagreements that were not included in the approved proposal often require the sponsor's approval prior to executing a formal agreement and commencing work. The choice of a particular subcontractor and the question of whether the action results in a change in the scope of work must be considered and documented. Consult with ORSP for assistance with both the request for approval and the creation of an appropriate subagreement.

14.11. Change of Grantee Organization

The sponsor's prior approval is always required for the transfer of a grant from one institution to another. PIs changing employers who seek to transfer their grants to their new institution should consult with ORSP at the earliest opportunity.

15. Technical and Financial Reporting

15.1. Roles and Responsibilities, Technical and Financial Reporting

Principal Investigator

- The PI is responsible for ensuring that progress and final reports are submitted in a timely manner.
- The PI is responsible for providing ORSP with a copy of all reports submitted to the sponsor for the central files.
- The PI reviews interim and final project statements prepared by the Office of the Comptroller, ensuring they are accurate, include all expenditures incurred to date, and not overdrawn. These project statements serve as the basis for the financial reports submitted by the Office of the Comptroller to the sponsoring agency.

Office of the Comptroller, Grants Accounting

- The Office of the Comptroller, Grants Accounting is responsible for preparing interim and final financial reports as required by the sponsor.
- Using the final project statement as the basis for its final financial report, the Office of the Comptroller prepares and transmits the same to the sponsor in the sponsor's required format.

15.2. Interim Reports and Progress Reports

The PI submits to the sponsor timely technical reports as required by the sponsor. Technical reports typically describe progress towards the aims stated in the proposal and explain any problems that may have arisen during the course of the work.. PIs must provide ORSP with a copy of any report submitted to a sponsor so that a complete account of the application and award is accessible to the sponsor in one central location.

15.3. Financial Reports

The Office of the Comptroller, Grants Accounting, prepares financial reports as required by the sponsor. Grants Accounting provides the financial reports to the PI for review and approval. Grants Accounting transmits the financial reports to the sponsor.

15.4. Combined Financial and Technical Reports

In cases where the sponsor requests that technical reports and financial reports be submitted in a single document, Grants Accounting provides a copy of the financial report to ORSP, and the PI provides the technical report to ORSP. ORSP transmits the components to the sponsor. The original financial report is still submitted to the sponsor by Grants Accounting in the Office of the Comptroller.

16. Subawards

In many cases, the sponsor allows the recipient of grant funds, the "prime awardee" or "grantee," to transfer a portion of the programmatic activity to another organization referred to as the "subrecipient." In such cases, Marquette becomes the "pass-through" entity.

The purpose of this policy and its supporting procedures are to provide oversight of subrecipients on federally sponsored programs as required by OMB Circular A-133.

As a pass-through entity subject to OMB A-133, Marquette University is responsible for performing the following actions for the Federal awards it makes to subrecipients:

1. Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
2. Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
3. Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
4. Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
5. Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
6. Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
7. Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

16.1. Roles and Responsibilities, Subawards

Principal Investigator

- Identifies the need for a subaward and identifies an appropriate subrecipient.
- Is the initial point of contact with the subrecipient and is primarily responsible for communicating with the subrecipient on matters relating to the technical proposal and budget.
- Prepares a statement of work for the subrecipient or approves a statement of work prepared by the subrecipient.
- Approves the subrecipient budget for reasonableness and allocability.
- Provides ORSP with appropriate point of contact for grant administration matters, including budgeting and subaward terms and conditions.
- Receives and reviews invoices and performance reports from the subrecipient to ensure that billing reflects progress and that performance is satisfactory. Monitors subrecipient expenditures to ensure that expenditures are reasonable, allowable, and allocable to the project. Reports suspected non-compliance or questionable costs (i.e., charges on an invoice not adequately described, e.g., "miscellaneous") to ORSP.
- Approves invoices and authorizes the Office of the Comptroller to issue payment to the subrecipient via Direct Invoice Voucher.
- Shares with ORSP the responsibility for monitoring the activity of subrecipients as necessary to ensure that the federal awards are used for authorized purposes in compliance with federal and state laws, regulations, and provisions of the agreement.
- In cooperation with the Comptroller's Office and ORSP, may propose and participate in audits and on site visits, as necessary, to investigate and ensure subrecipient compliance.

ORSP

- Makes the determination, where needed, as to whether an action will be deemed a subaward or procurement.
- Prepares the subaward agreement in compliance with University and sponsor policies and advises the subrecipient of requirements imposed on it by federal and state laws, regulations, and the provisions of grant or contract agreements.
- Reviews the subaward budget for compliance with applicable regulations.
- Prepares the project budget and assigns subawards to the appropriate budget naturals, 6515 and 6520.
- Requests, receives, and maintains documentation from subrecipients pertaining to audit and compliance matters, including A-133, human subjects, animal care and use, conflict of interest, intellectual property, and others as required.
- Transmits, as appropriate, information related to subrecipient noncompliance to the appropriate University office: noncompliance in the area of regulated research (e.g., humans, vertebrate animals) will be transmitted to the Office of Research Compliance, and noncompliance in the area of expenditures or audits will be transmitted to the Office of the Comptroller. Coordinates, with the Office of the General Counsel as needed, actions to resolve the noncompliance.

- Annually in May, ORSP transmits the Subrecipient Audit Confirmation Form to all subrecipients active in the previous University fiscal year (i.e., in May 2004, ORSP transmits the form to subrecipients active in FY 2003: July 1, 2002-June 30, 2003).
- For any subrecipients reporting that their A-133 audit is not yet complete, ORSP transmits another form on the expected date of completion, as indicated by the subrecipient.
- For those subrecipients disclosing findings bearing on the performance or administration of federal awards made to that subrecipient by Marquette, ORSP will transmit the subrecipient documentation to the Office of the Comptroller for review and recommended action.
- For those subrecipients reporting that they are not subject to the requirements of A-133, ORSP will transmit the subrecipient documentation to the Office of the Comptroller to determine what, if any, further action is required.
- Shares with the Principal Investigator the responsibility for monitoring the activity of subrecipients as necessary to ensure that the federal awards are used for authorized purposes in compliance with federal laws, regulations, and provisions of the agreement.
- Shares with the Office of the Comptroller responsibility for identifying and managing subrecipient noncompliance with the requirements of OMB A-133.
- In cooperation with the principal investigator and the Comptroller's Office, may propose and participate in audits and site visits, as necessary, to investigate and ensure subrecipient compliance.

Office of the Comptroller

- Determines whether an independent auditor's report presents instances of noncompliance with federal laws and regulations that bear directly on the performance or administration of the subaward.
- Considers whether subrecipient audits necessitate adjustment of Marquette University's own records.
- Shares with ORSP responsibility for identifying and managing subrecipient noncompliance with the requirements of OMB A-133.
- Reviews the subrecipient's corrective action plan to determine its adequacy and advises ORSP if changes to the subaward agreement need to be made to ensure compliance.
- In cooperation with the Principal Investigator and ORSP, may participate in audits and/or site visits as necessary to investigate and ensure subrecipient compliance.
- Where necessary, cooperatively works with ORSP to issue a management decision on audit findings within six months of receiving the subrecipient's audit report. Ensures (e.g., by withholding payment or requiring repayment) that the subrecipient takes appropriate and timely action.

16.2. Definitions

Subaward Distinguished from Contract, Subcontract, and Consulting Agreement

A subaward is a formal agreement by which the grantee transfers, "passes through," or "flows down" a portion of the grant funds and a portion of the programmatic activity to another organization. Subaward agreements are used when the intent is to have another organization help Marquette University carry out a portion of the scope of work described in the proposal and assigned under the resulting award. The agreement is directed at cooperatively working with another entity to carry out the project for which funding has been granted. The other entity is, in a sense, a collaborator in the sponsored project. Pursuant to OMB A-133, federal awards expended as a subrecipient (recipient of a subaward) are subject to audit.

By contrast, Principal Investigators also need to acquire goods and services in order for them to carry out the work for which funds have been awarded. Such acquisitions are procurements, and the providers are vendors, consultants, or individuals engaged in "work for hire." The payments received for goods or services provided as a vendor (recipient of a procurement action) are not considered federal awards.

Because the terms "subaward," "subgrant," "contract," and "subcontract" are often used uncritically by various sponsors, other institutions, and others, their appearance in a document is not a reliable indicator of whether the action is to be regarded as financial assistance or procurement.

The following characteristics will help Principal Investigators understand the differences among subawards and procurement actions such as contracts, subcontracts, and consulting agreements. There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. ORSP is responsible for making such determinations as needed. See also OMB Circulars A-110 and A-133 §_210.

The action requires a subaward agreement and the third party is considered a subrecipient if:

- The subrecipient has its programmatic involvement in the sponsored project identified as a separate scope of work with a separate budget and organizational approval;
- The subrecipient has its performance measured against its portion of the overall scope of work proposed by Marquette to the sponsor. The subrecipient is responsible for meeting its scope of work.
- The subrecipient has responsibility for assisting Marquette University in the completion of project deliverables and/or technical reports.
- The subrecipient has responsibility for programmatic decision making. The Principal Investigator at the subrecipient institution directs its portion of the work.
- The subrecipient's principal investigator may be a co-author on publications or, where the sponsor is a federal entity, may seek patent protection for inventions. In compliance with

the Bayh-Dole Act, title to intellectual property under a federal award is normally retained by the subrecipient when it is a small business or institution of higher education.

- The subrecipient uses the funds to carry out a program of its own organization as compared to providing goods or services for a program of Marquette University. The subrecipient organization is conducting its own scope of work and not merely providing goods or services such as executing lab tests or constructing experimental instrumentation.
- The subrecipient has responsibility for adherence to applicable federal or other sponsor's program compliance requirements.

The action is a procurement requiring a Purchase Order and the third party is considered a vendor, consultant, or personal services agreement if the third party:

- Provides the goods and services within its normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the sponsored project.
- Is not subject to the sponsor's compliance requirements.

16.3. Requirements for a Subaward

Principal Investigators are advised that adding a new subrecipient or removing or modifying a subrecipient named in a submitted application or award document typically requires written prior approval from the sponsor. Contact ORSP for specific guidance and assistance.

16.3.1. Letter of Intent

A Letter of Intent, sometimes called a letter of commitment, must be prepared and approved before the application is submitted to the sponsor. In cases where the subaward is contemplated after an award has been made, the Letter of Intent must be prepared before Marquette requests the sponsor's approval to allow a subaward.

This letter is the basis for any subaward or collaboration agreement with another institution that will be needed when the sponsor makes an award to Marquette or approves Marquette's post-award request to issue to a subaward. Such a letter is a promise from one institution to another that, in the event of an award, the institutions will cooperate as outlined in the letter. The letter ensures that both Marquette and the proposed subrecipient or collaborating institution clearly understand the proposed effort, costs, and sponsor requirements.

This letter is typically prepared by the collaborating organization's grants and contracts office. The letter must be signed by the collaborating organization's authorized representative and addressed to the Executive Director of ORSP. A fax is usually acceptable, so long as the sender transmits a signature original at the earliest opportunity.

Some sponsors require that a copy of the Letter of Intent be included in the application. Other sponsors trust that Marquette has the Letter of Intent in hand for each entity named in the proposal. Marquette University therefore requires a signed Letter of Intent before the proposal

can be submitted to the sponsor, whether the sponsor requires a copy or not. Contact ORSP for assistance in securing the appropriate documentation from the proposed subrecipient.

At a minimum, the Letter of Intent includes the following:

1. the signature of a person appropriately authorized to make commitments and assurances on behalf of the prospective subrecipient.
2. a clear statement of work, including the names of key personnel.
3. a detailed budget including start and end dates.
4. explicit assurance that the appropriate programmatic and administrative personnel of the prospective subrecipient are aware of the sponsor's grant policies and are prepared to establish the necessary inter-organizational agreement(s) consistent with those policies.
5. a clear statement that the prospective subrecipient is or is not subject to the requirements of OMB A-133. If the subrecipient is subject to OMB A-133, assurance that it is compliant with the requirements of OMB A-133. Subrecipients not subject to OMB A-133 may be subject to further assessment and monitoring as provided in this policy.

Here is a template for a Letter of Intent from a prospective subrecipient to Marquette:

DATE

Erik A. Thelen, Ph.D.
Executive Director
Office of Research and Sponsored Programs
Marquette University
P.O. Box 1881
Milwaukee, WI 53201-1881

FAX 414-288-1578

Dear Dr. Thelen:

This letter declares COLLABORATING INSTITUTION'S intent to collaborate in the project entitled "TITLE OF APPLICATION," which Marquette University will submit to the NAME OF SPONSOR, NAME OF PROGRAM.

Dr. NAME, TITLE AND DEPARTMENT is the Principal Investigator for COLLABORATING INSTITUTION.

Attached is a description of the effort and resources that COLLABORATING INSTITUTION will commit to this project, along with a budget. The proposed budget period is NUMBER years, from DATE through DATE. The total budget for COLLABORATING INSTITUTION is \$_____, which includes \$_____ in Facilities and Administrative costs.

Our organization is subject to and compliant with the requirements of OMB A-133. (OR, Our organization is not subject to the requirements on OMB A-133).

If the COLLABORATING INSTITUTION is making additional commitments (e.g., access to special equipment, cost-sharing), clearly identify and describe those commitments here.

The appropriate programmatic and administrative personnel of COLLABORATING INSTITUTION involved in this grant application are aware of SPONSOR'S grant policies and are prepared to establish the necessary inter-organizational agreement(s) consistent with those policies.

Where NIH is the sponsor, the following language shall replace the preceding paragraph:

"The appropriate programmatic and administrative personnel of each organization involved in this grant application are aware of the NIH consortium agreement policy and are prepared to establish the necessary inter-organizational agreement(s) consistent with that policy."

Sincerely,

INSTITUTIONAL AUTHORIZED OFFICIAL

Attachments: Statement of Work, Budget (preferably on sponsor forms)

16.3.2. Initial Assessment

At the time the prospective subrecipient is identified by the Principal Investigator and before the University issues a subaward agreement, ORSP, in consultation with the Principal Investigator and others as appropriate, makes an initial assessment to determine whether additional steps should be taken in order to ensure that the prospective subrecipient is able to comply with the federal sponsor's requirements and audit requirements in particular. The initial assessment may include discussion with the prospective subrecipient and review of previously completed audits (including those available from the Federal Audit Clearinghouse).

Criteria used to determine the level of monitoring may include:

1. Foreign location (i.e., we may require that foreign subrecipients include an independent auditor in their project budgets)
2. The size and complexity of the subaward and the sophistication of the prospective subrecipient's systems and administrative operations
3. Marquette's prior experience with the prospective subrecipient (e.g., timeliness and completeness of replies to requests) and/or other information about the subrecipient (e.g., press)
4. The subrecipient is a not subject to OMB A-133.
5. For-profit subrecipient. Since this part (OMB A-133) does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The contract with the for-profit subrecipient should describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the contract, and post-award audits.

Where ORSP concludes that additional assurance may be necessary before issuing a subaward, ORSP will consult with the Principal Investigator and the Office of the Comptroller to develop a plan of action.

16.3.3. Preparing the Subaward Agreement

ORSP has standardized subaward agreements that are modified by the ORSP Contract Administrator to comply with the sponsor requirements. The typical subaward includes, at a minimum, the following:

- Identification of the federal award information (if federal) by CFDA number, CFDA Title, award name and number, award year, and the name of the federal agency.
- Incorporation of applicable sponsor requirements and provisions indicating the intent of the subrecipient to comply, including submission of applicable assurances as required by the sponsor or the grantee.
- Identification of the technical, and administrative contact persons (typically the subrecipient's Principal Investigator and grants officer).
- Statement of work.
- Budget and justification.
- Reporting and requirements for billing/reimbursement;
- Inclusion of assurances regarding compliance with OMB A-133, including substantially the following language in the subaward agreement:

OMB Circular A-133 Assurance: SUBRECIPIENT agrees to comply with the requirements of OMB Circular A-133. SUBRECIPIENT further agrees to provide MARQUETTE, in a timely manner, with copies of any of the independent auditors' reports in which the Schedule of Questioned Costs or Schedule of Prior Audit Findings present instances of noncompliance with Federal laws and regulations that bear directly on the performance or administration of this Subaward. In cases where such noncompliance is reported, SUBRECIPIENT will provide to MARQUETTE the Reporting Package described in OMB Circular A-133 Section .320(c). All reports prepared in accordance with the requirements of OMB Circular A-133 shall be available for inspection by representatives of MARQUETTE or the government during normal business hours.

SUBRECIPIENT agrees that it shall keep for a period of three (3) years following completion of the project such records as may be reasonably necessary to facilitate an effective audit. SUBRECIPIENT shall cooperate with MARQUETTE in resolving questions MARQUETTE may have concerning the auditors' report and plan for corrective action.

The SUBRECIPIENT will receive an annual Subrecipient Audit Confirmation Form in May of each year and agrees to complete and return the form promptly. If no response is received within 30 days of the initial request, a second notice will be sent. If no response is received within 30 days thereafter, MARQUETTE may withhold all or a portion of payment from the SUBRECIPIENT until the form and its accompanying documentation are received.

- Other sponsor terms, conditions, and assurances as required by the sponsor or Marquette, including a determination of policies to be followed in such areas as Conflict of Interest where the subrecipient's policies differ from those of Marquette.
- A provision addressing ownership and disposition of data produced under the agreement.
- A provision making the inventions and patent policy applicable to the subrecipient participant and its employees in order to ensure that the rights of the parties to the agreement are protected and that the grantee can fulfill its responsibilities to the sponsor.
- As appropriate, provisions regarding property (other than intellectual property), program income, publications, and reporting necessary for Marquette to fulfill its obligations to the sponsor.

- As appropriate, assurances pertaining to animal care and use, human subjects, and biosafety.

16.4. Routing, Review, and Approval

1. The Principal Investigator initiates a subaward by contacting the ORSP Contract Administrator.
2. The ORSP Contract Administrator prepares the subaward and reviews it with the Principal Investigator as necessary.
3. Where the subaward differs from the approved proposal or notice of grant award, the ORSP Contract Administrator consults with others as necessary to determine its allowability, availability of funds, and appropriate terms and conditions.
4. The ORSP Contract Administrator prepares the subaward agreement.
5. The Principal Investigator approves subaward agreement.
6. The ORSP Executive Director or authorized official reviews and endorses the subaward agreement.
7. The ORSP Contract Administrator transmits the subaward agreement to the subrecipient.
8. The Subaward instructs the subrecipient to transmit periodic invoices and progress reports to the Principal Investigator.
9. Where necessary, the ORSP Contract Administrator negotiates with the subrecipient. The Principal Investigator and ORSP Executive Director must approve significant changes in the agreement.
10. The subrecipient endorses the subaward agreement and returns the executed agreement, with a completed W-9 to the ORSP Contract Administrator.
11. The ORSP Contract Administrator reviews the endorsement and sends the signature original to the Principal Investigator and a copy to ORSP award file. The transmittal letter reminds the Principal Investigator of his or her subrecipient monitoring responsibilities.
12. The Principal Investigator transmits the signature original and a DIV to the Office of the Comptroller for payment. The Principal Investigator retains a copy of the agreement.
13. The subrecipient submits invoices and technical reports to the Principal Investigator.
14. The Principal Investigator reviews invoices and authorizes payment of an invoice by transmitting a Direct Invoice Voucher with the invoice and the agreement to the Office of the Comptroller.
15. The Comptroller transmits payment to the subrecipient.

16.5. Subrecipient Monitoring

1. The Principal Investigator reviews subrecipient technical performance reports and advises ORSP of any unsatisfactory performance.
2. The Principal Investigator reviews and approves invoices from the subrecipient. Where a charge is questionable or not clearly reasonable and allocable to the work and/or allowable by the sponsor and the University, the Principal Investigator contacts ORSP. ORSP will consult with the subrecipient and the Office of the Comptroller to resolve the issue.

3. Review of Subrecipient Audit Confirmation Form: Annually in May, ORSP shall transmit the Subrecipient Audit Confirmation Form to all subrecipients active in the University's previous fiscal year (e.g., In May 2004, ORSP transmits the form to all subrecipients active in FY 2003 or July 1, 2002-June 30, 2003).
 - a. For respondents reporting that the "Schedule of Findings and Questioned Costs" or "Schedule of Prior Audit Findings" does NOT disclose instances of noncompliance with federal laws and regulations that bear directly on the performance or administration of this subaward, no further action is required until the next May (unless exceptions are noted in performance or invoicing).
 - b. In cases where the subrecipient's "Schedule of Findings and Questioned Costs" or "Schedule of Prior Audit Findings" present instances of noncompliance with federal laws and regulations that bear directly on the performance or administration of this subaward, ORSP shall transmit the subrecipient's documentation to the Office of the Comptroller for review and action. The Office of the Comptroller shall advise ORSP in writing of recommended action the Comptroller, principal investigator and ORSP should cooperatively take to monitor or ensure correction of the situation.
 - c. In cases where the subrecipient reports that it is not subject to the requirements of OMB Circular A-133 and provides alternative documentation in lieu of an A-133 audit report, ORSP will transmit the documentation to the Office of the Comptroller to determine appropriate measures to ensure effective oversight. The Office of the Comptroller shall advise ORSP in writing of recommended action the Comptroller, principal investigator and ORSP should cooperatively take to ensure effective oversight.
4. ORSP shall maintain documentation pertaining to subrecipient compliance with OMB A-133, including responses to the Subrecipient Audit Confirmation Form and correspondence with the Office of the Comptroller and subrecipients.
5. The University may, at its discretion, conduct site visits or contract with independent auditors to conduct site visits in order to assess subrecipient compliance.

16.5.1. Subrecipient Audit Confirmation Form

Marquette University Subrecipient Audit Confirmation

The Federal Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions" requires that recipients of Federal awards who are subject to the provisions of OMB Circular A-133, comply with the audit requirements of OMB Circular A-133.

Your institution is a subrecipient of Federal funds from Marquette University as follows:

CFDA Number and Title _____
Name of Federal Agency _____
Sponsor's Award Number _____
Project Title _____
Award Period _____

You are named as point of contact. We request your assistance to comply with these requirements. Please check the appropriate box below and return this from with supporting documentation as requested below.

_____ Our A-133 is complete. Neither the Schedule of Findings and Questioned Costs nor the Schedule of Prior Audit Findings reported within our A-133 audit report disclose audit findings that relate to Federal awards provided by Marquette University.

_____ Our A-133 is complete. The Schedule of Findings and Questioned Costs and/or the Schedule of Prior Audit Findings reported within our A-133 audit report disclose audit findings related to Federal awards provided by Marquette University. Enclosed is a copy of the audit report and the report package described in section .320(c) of OMB A-133. Relevant findings and our response can be found on page(s) _____.

_____ Our A-133 audit is not yet complete. We anticipate the audit will be completed by _____. Upon completion, we will provide you will certification and, if material findings are reported and relate to our sub-award(s) from Marquette University, we will send a copy of the audit report and corrective action plan.

_____ We are not subject to the requirements of A-133 because (check one):

- ___ We are a for-profit organization
___ We expended less than \$300,000 in Federal funds for fiscal years ending before 12/31/03 (\$500,000 for fiscal years ending after 12/31/03)
___ Other (please explain)

In lieu of an A-133 audit, we enclose the following for you records:

- ___ an audited financial statement
___ independent auditor's management letter
___ other (please attach explanation)

Our fiscal year begins _____ and ends _____.

I certify that the above responses accurately represent the organization of which I am a representative. Further, I certify that all relevant material findings in the audit report have been disclosed.

Signature: _____ Date: _____
Name and Title: _____
Institution: _____
Address: _____

Please advise us of any changes or corrections to the contact name or your mailing address. Your responses should be sent to _____ ORSP. Thank you for your cooperation.

17. Subcontracts for Services (Procurement)

The purpose of this guidance is to explain the process by which project directors and principal investigators may procure services with funds from grants, cooperative agreements, or contracts.

The scope of this guidance is limited to procurement subcontracts paid from 70000 series accounts using the naturals 6500 or 6505 (professional fees or consulting fees). **This SOP does not address** the creation, preparation, or approval of subawards (which must use naturals 6515 and 6520). Policies and procedures related to subawards, and guidance to help project directors and principal investigators distinguish between procurement subcontracts and subawards is provided in the Sponsored Projects Manual.

Note that for some types of procurement involving University-approved vendors, the Principal Investigator may use a Purchase Order (PO) instead of a subcontract and Direct Invoice Voucher (DIV). Contact the Purchasing Department to determine if it may be possible to handle the transaction using a PO. Typically, the University has vendor agreements in place with corporations such as Kinko's. The PO is an appropriate payment instrument in such cases because the vendor is a corporation and has a well-defined array of standard services and terms. However, in the case of procurements of goods and services from non-Marquette **individuals, LLCs, and non-profit organizations**, the scope and timing of services and payments requires additional care. In these cases, it is necessary to use a subcontract and DIV to ensure that the subcontractor and the Principal Investigator share a clear understanding of the work to be performed and the timing of deliverables and payments.

Note that any subcontracting for legal services MUST be discussed with OGC and ORSP BEFORE discussing the work with the third party.

Contact: Please direct any questions about this SOP or requests for procurement subcontracts to ORSP.

Why this guidance is necessary: Subcontracts to procure goods and services with grant funds must adhere to the sponsor's terms and conditions as well as those of the University. Salient questions include, for example, whether subcontracting is allowed by the sponsor or requires the sponsor's prior approval, whether the sponsor limits the level of compensation for a subcontract (e.g., prohibits payment in excess of \$450/day for consultants), whether the performance and payment dates are consistent with the grant start and end dates, and whether the sponsor requires that certain conditions (e.g., prohibition against lobbying) must be imposed upon subcontractors paid with grant funds.

17.1. Roles and Responsibilities:

Principal Investigator

- identifies the need to procure services related to a sponsored project.
- identifies an appropriate vendor in consultation with Purchasing, where appropriate.
- develops or approves the written scope of work, deliverables, and schedule of deliverables and payments.
- monitors subcontractor performance, receives and approves invoices.
- prepares and forwards DIV with supporting materials (e.g., subcontract, W-9, invoice) to Office of the Comptroller, Grants Accounting.
- retains copies of documentation.

ORSP

- advises Principal Investigator on allowability and sponsor's terms and conditions pertaining to procurement subcontracts.
- prepares subcontracts consistent with award agreement and University policies.
- endorses subcontract agreements of behalf of the University.

Comptroller, Grants Accounting

- receives and reviews DIVs and supporting materials.
- checks for PI's signature on the DIV, ORSP's approval on the agreement, a completed W-9 Form, and availability of funds in the grant account.
- checks the period of performance to ensure that expenditures are within the grant period and that the proper natural is being used.
- keeps the original agreement on file and forwards a copy of the agreement with the original DIV to Accounts Payable for payment.
- returns questioned documentation to Principal Investigator for resolution.

Office of the General Counsel

- advises ORSP regarding University policies and procedures related to subcontracts, approves standardized agreements for form.

17.2. Process for Securing a Subcontract for Procurement

1. Principal Investigator/Department/Unit contacts ORSP Contract Administrator to request a contract for services to be paid from a grant account.
2. ORSP reviews the sponsor terms and conditions and determines the allowability of the expense and the type of action/instrument required.
3. ORSP drafts and prepares the appropriate agreement (a subcontract, consultant agreement or speaker agreement) and transmits a draft to the project Principal Investigator for review.

4. ORSP Executive Director signs two original signature copies of the agreement on behalf of Marquette.
5. Handling subcontracts that have been signed by the ORSP Executive Director:
 - a. **In the case of personal services agreements and consultant agreements,**
 - i. ORSP transmits the signature originals, along with an IRS Form W-9 to the non-Marquette entity with instruction to the subcontractor to return one fully executed original to ORSP and retain one signature original themselves.
 - ii. ORSP must receive one fully executed original and a completed IRS Form W-9 form from the subcontractor.
 - iii. ORSP transmits the original agreement, completed IRS Form W-9, and cover letter with instructions to the Principal Investigator. A copy of the fully executed agreement is kept in ORSP central files.
 - iv. The Principal Investigator retains the signature original of the subcontract until payment needs to be made.
 - b. **In the case of speaker agreements,**
 - i. ORSP transmits BOTH signature originals to the Principal Investigator.
 - ii. The Principal Investigator obtains the speaker's signature on both copies, provides one signature original to the speaker and keeps one signature original.
6. **The subcontractor may begin work.**
7. Making Payment to the Subcontractor: The agreement will specify payment terms and timing.
 - a. Where the agreement specifies that payment is to be made upon receipt of invoices from the subcontractor,
 - i. the Principal Investigator will be named as the person to whom the subcontractor must send such invoices.
 - ii. The Principal Investigator reviews the invoices and the work deliverables.
 - iii. If the Principal Investigator accepts the work, the Principal Investigator prepares a DIV and transmits it, with an original signature copy of the agreement, the completed IRS Form W-9, and the invoice to the Office of the Comptroller, Grants Accounting. The Principal Investigator retains a copy of the DIV, a copy of the subcontract and W-9, and a copy of the invoice for reference.
 - iv. Office of the Comptroller, Grants Accounting transmits the DIV, subcontract, Form W-9, and invoice to Accounts Payable.
 - v. Accounts Payable issues payment to the subcontractor.
 - vi. As the Principal Investigator receives additional invoices, he or she reviews and accepts them by preparing additional DIVs and transmitting these to the Office of the Comptroller, Grants Accounting to have payments issued.
 - b. Where the agreement specifies that payment is to be made without invoices according to a schedule (i.e., half upon execution and half within 30 days after the service is completed),
 - i. the Principal Investigator prepares a DIV in accordance with the dates and/or milestones specified in the subcontract, attaches it to the signature

original subcontract and the completed IRS Form W-9, and transmits these documents to the Office of the Comptroller, Grants Accounting. The Principal Investigator retains a copy of these documents for reference. All DIVs for subsequent payments for a subcontract should indicate in the remarks section that the original subcontract and W-9 are on file. If multiple DIVs will be required for the same subcontract the Principal Investigator should indicate what number payment is being authorized as well as the total number expected (e.g., "this is payment 2 of 4").

- ii. Accounts Payable will issue payment to the subcontractor as directed by the Principal Investigator.

18. Equipment and Property Management

See SPM 4, **Preparing the Budget**, for guidance on including equipment in proposal budgets.

The University's policy for management and accounting of equipment and property purchased with funds provided by a sponsoring agency will comply with OMB Circular A-110, section 34.

Important provisions of the stated requirements that the PI should be aware of include the following:

- Title to equipment acquired by a Principal Investigator with Federal funds shall vest in the University, subject to conditions of this section.
- The Principal Investigator shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute, for as long as the Federal Government retains an interest in the equipment.
- The Principal Investigator shall use the equipment in 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. When no longer needed for the original project or program, the University shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority:
 1. Activities sponsored by the Federal awarding agency which funded the original project, then
 2. Activities sponsored by other Federal awarding agencies.
- During the time that equipment is used on the project or program for which it was acquired, the Principal Investigator 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. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal awarding agency. User charges shall be treated as program income.
- When acquiring replacement equipment, the Principal 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 University's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following.

1. Equipment records shall be maintained accurately by the Office of the Comptroller and include the following information:
 - a. A description of the equipment.
 - b. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - c. Source of the equipment, including the award number.
 - d. Whether title vests in the University or the Federal Government.
 - e. Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
 - f. Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).
 - g. Location and condition of the equipment and the date the information was reported.
 - h. Unit acquisition cost.
 - i. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where the University compensates the Federal awarding agency for its share.
2. Equipment owned by the Federal Government shall be identified to indicate Federal ownership.
3. A physical inventory of equipment shall be initiated by the Office of the Comptroller and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The Principal Investigator shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.
4. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the Principal Investigator shall promptly notify Office of the Comptroller and ORSP. ORSP and the PI shall notify the Federal awarding agency.
5. Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
6. PIs authorized or required to sell the equipment will follow the disposition instructions provided by the sponsoring Federal agency.

When the Principal Investigator no longer needs the equipment, the equipment may be used for other activities in accordance with the following standards.

1. For equipment with a current per unit fair market value of \$5000 or more, the Principal Investigator 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.
2. If the Principal Investigator has no need for the equipment, he/she shall request disposition instructions from the Federal awarding agency. The Federal awarding agency shall determine

whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported to the General Services Administration by the Federal awarding agency to determine whether a requirement for the equipment exists in other Federal agencies. The Federal awarding agency shall issue instructions to the Principal Investigator no later than 120 calendar days after the Principal Investigator's request and the following procedures shall govern.

- a. If so instructed or if disposition instructions are not issued within 120 calendar days after the Principal Investigator's request, the Principal Investigator shall sell the equipment and reimburse the Federal awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the University shall be permitted to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for the University's selling and handling expenses.
- b. If the Principal Investigator is instructed to ship the equipment elsewhere, the University shall be reimbursed by the Federal Government by an amount which is computed by applying the percentage of the Principal Investigator's participation in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
- c. If the Principal Investigator is instructed to otherwise dispose of the equipment, the University shall be reimbursed by the Federal awarding agency for such costs incurred in its disposition.
- d. The Federal awarding agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such transfer shall be subject to the following standards.
- e. The equipment shall be appropriately identified in the award or otherwise made known to the Principal Investigator in writing.
 - The Federal awarding agency shall issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory shall list all equipment acquired with grant funds and federally-owned equipment.
 - If the Federal awarding agency fails to issue disposition instructions within the 120 calendar day period, the University shall apply the standards of this section, as appropriate.
 - When the Federal awarding agency exercises its right to take title, the equipment shall be subject to the provisions for federally-owned equipment.

19. Hiring Personnel with Grant Funds

19.1. Roles and Responsibilities, Hiring Personnel with Grant Funds

Principal Investigator

- Principal Investigators are responsible for the selection of grant-funded personnel and must adhere to the University's policies and procedures regarding recruitment, hiring, and supervision.
- The Principal Investigator is responsible for maintaining documentation regarding recruitment, selection, hiring, and supervision.

19.2. New Academic or Administrative Appointments

New academic or administrative appointments require the approval of the Provost. Procedures and forms are available at the Provost's web site, <http://www.marquette.edu/provost>.

19.3. Full Time Temporary and Part-time Employees (e.g., Support Staff, Technicians)

The Department of Human Resources provides guidance and oversight for hiring part-time and full-time temporary employees. Principal Investigators should consult the HR web site for guidance and forms, <http://www.marquette.edu/hr>.

19.4. Undergraduate Students

Principal Investigators should follow the guidance provided by Student Employment Services at <http://www.mu.edu/financialaid/ses/newproc.pdf>

19.5. Graduate Students

Principal Investigators should follow these steps in recruiting and hiring graduate assistants:

1. Create a position description that tells readers what skills or capabilities you expect your graduate assistants to have and what tasks you expect them to perform.
2. Post an advertisement for the position in the department(s) where you expect to find graduate students matching your requirements.
3. Create an offer letter that describes the student's responsibilities, the term of employment, the stipend, and tuition (if appropriate). The letter must advise the student that the position is contingent upon the availability of grant funds. Sign the offer letter and have the graduate assistant sign the letter as well.

Consult with the Business Manager in your college and/or the Office of the Provost for additional guidance regarding the forms and procedures required to hire and supervise graduate students.

20. Effort Reporting

20.1. Roles and Responsibilities

Principal Investigator

- The PI is responsible for reviewing and completing effort report statements for project personnel. These statements are prepared by the Office of the Comptroller at the end of each academic term.
- The PI makes corrections where needed and returns the forms to the Office of the Comptroller.

Office of the Comptroller

- The Office of the Comptroller is responsible for preparing effort reports, transmitting them to PIs at the end of each academic term for approval or correction, and maintaining documentation pertaining to effort reporting.

20.2. Effort Reports for Faculty and Other Exempt Employees

Marquette University uses after-the-fact activity records, specifically Effort Report Statements, to account for effort. Effort reports will reflect the distribution of activity expended by employees as indicated by the allocation of payments from the payroll system. The effort report accounts for 100 percent of the activity for which the employee is compensated. Effort is expressed as a percentage of total employed time and is not reflected in hours. The total effort expended cannot be more or less than 100 percent.

For professorial and professional staff, the efforts reports will be prepared each academic term, but no less frequently than every six months. Salary charges are made initially on the basis of estimates made before the services are performed, and such charges are promptly adjusted if significant differences are indicated by activity records. The PI is responsible for completing a superseding Salary Authorization to ensure prompt adjustment to original charges where such correction is needed.

To ensure that Effort Reports reasonably reflect the activities for which employees are compensated by the institution during the period of extramural support, the employee receiving compensation verifies the accuracy of the Effort Report Statement and signs it.

The PI must review and endorse effort reports of all project personnel receiving compensation or committing cost-shared effort to the award. The PI is responsible for final verification of that portion of an employee's Effort Report Statement related to the PI's award.

The Office of the Comptroller notes that the completion of effort reports is verified by the University's auditors during the A-133 audit process. The federal government is initiating legal action against institutions failing to comply with effort reporting requirements.

20.3. Activity Records for Non-exempt Employees

For non-exempt employees, unless alternate arrangements are agreed to by the sponsor and the University, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.

In cases where Marquette uses time cards or other forms of after-the-fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for this purpose.

21. Project Closure or Transfer

21.1 Roles and Responsibilities, Project Closure or Transfer

Principal Investigator

- The PI assists with the orderly termination of the award by submitting final technical and administrative reports as required by the sponsor.
- The PI also ensures that project costs have been encumbered and paid in a timely manner so that the final financial report is accurate and complete. This includes communicating with any subrecipients to ensure that subrecipients produce a timely final accounting of their expenditures. Consequently, the PI is responsible for reviewing the final project statement prepared by the Office of the Comptroller, ensuring it is accurate, includes all expenditures incurred on behalf of the project, and not overdrawn.
- The PI is responsible for the maintenance and retention of scientific and technical records as required by the sponsor.
- The PI is responsible for the maintenance and retention of employment records for grant-funded graduate students, undergraduate students, and part-time staff (e.g., part-time technicians).

Office of the Comptroller

- Using the final project statement as the basis for its final financial report, the Office of the Comptroller prepares and transmits the same to the sponsor in the sponsor's required format.

Department Chair

- The department chair is responsible for the retention of scientific or technical records as required by the sponsor in cases where the PI is unable to do so (e.g., the PI leaves the University).
- The department chair is responsible for the retention of employment records for grant-funded graduate students, undergraduate students, and part-time staff in cases where the PI is unable to do so (e.g., the PI leaves the University).

In cases where a faculty member accepts a position at another institution and intends to relocate during the period of the award, ORSP works with Office of the Comptroller and the PI to comply with the sponsor's requirements regarding transfer requests.

21.2. *Records Retention*

The Principal Investigator is responsible for the retention of scientific, technical and employment records for graduate students, undergraduates, and part-time staff. The department is responsible for records retention in cases where the PI is unable to do so.

22. Intellectual Property

See the University's Intellectual Property Policy
(<http://www.marquette.edu/orsp/policies/ippolicy.pdf>).

23. Other Grant Administration Matters

23.1. Return of Salary Savings

Reserved.

23.2. Return of Facilities and Administrative Costs

Reserved.