

## **VALUABLE RESOURCES**

### **Internal Resources**

Office of Research Services  
215.898.7293  
[www.upenn.edu/researchservices](http://www.upenn.edu/researchservices)

Vice Provost for Research  
215.898.7236  
[www.upenn.edu/research](http://www.upenn.edu/research)

Office of Institutional Compliance  
215.573.4806  
[www.upenn.edu/audit/what/compliance.html](http://www.upenn.edu/audit/what/compliance.html)  
1-888-BEN-TIPS (1.888.236.8477)

Office of General Counsel  
215.746.5200  
[www.upenn.edu/ogc](http://www.upenn.edu/ogc)

School of Med: Office of Research Support Services  
215.573.2290  
[www.med.upenn.edu/orss](http://www.med.upenn.edu/orss)

Office of Regulatory Affairs  
215.898.2614  
[www.upenn.edu/regulatoryaffairs](http://www.upenn.edu/regulatoryaffairs)

Office of Human Research  
215.746.7400  
[www.med.upenn.edu/ohr](http://www.med.upenn.edu/ohr)

### **External Resources**

OMB Circulars  
[www.whitehouse.gov/omb/circulars/index.html](http://www.whitehouse.gov/omb/circulars/index.html)

NIH Grants Policy Statement  
<http://grants.nih.gov/grants/policy/policy.htm>

NSF Grants Web Site  
[www.nsf.gov/funding/research\\_edu\\_community.jsp](http://www.nsf.gov/funding/research_edu_community.jsp)



# **Pocket Compliance Guide For Sponsored Projects**

**1-888-BEN-TIPS  
Confidential Reporting  
and Help Line**

*Revised 1.06*

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

## **GRANTS MANAGEMENT BEST PRACTICES**

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

### **1. Project Planning/Proposal Submission**

In this phase, the PI must:

- Be aware of important University, sponsor or other project related due dates requiring attention.
- Working with the BA, develop a proposal development plan that includes sufficient time for necessary review and approval from such areas as Regulatory Affairs (IACUC and IRB), Environmental Health and Radiation Safety, Department, School and University.
- When proposing a new project, determine that the level of effort required to complete the project can be met relative to existing effort commitments.
- Recognize that his/her signature on submitted proposals demonstrates that he/she has a responsibility to the sponsoring agency.
- Recognize that administrative requirements placed on BAs and other sponsored program administrators are part of their responsibility as well.

## **RESPONSIBLE CONDUCT OF RESEARCH**

Penn's commitment to our research faculty and sponsors includes adopting procedures for educating research personnel and promoting appropriate and responsible conduct of research. Building on Federal guidelines, Penn has outlined policies in thirteen areas for education, training, certification and compliance that encompass:

- Data acquisition, management, sharing and ownership
- Materials, their ownership and material transfer agreements
- Intellectual property
- Authorship and publication practices
- Peer review
- Mentor/trainee responsibilities and collaborative science
- Human subjects
- Research involving animals
- Environmental safety: radiation, chemicals, and microbial agents
- Research misconduct
- Conflicts of interest
- Preparing grant proposals
- Research administration: financial and personnel management

Our comprehensive education program related to the responsible conduct of research can be found at:  
[www.upenn.edu/research/rcr/](http://www.upenn.edu/research/rcr/)

- Direct costs must be charged in a timely manner – cost transfers must be processed when an error is discovered or within 90 days of month end.
- Direct costs cannot include costs normally charged as indirect costs such as administrative and clerical salaries or office supplies. However, University policies and sponsors may, in certain circumstances, permit the direct charging of these costs. Refer to the Sponsored Projects Policies 2110 and 2138 at [www.finance.upenn.edu/vpfinance/fpm/2100/index.shtml](http://www.finance.upenn.edu/vpfinance/fpm/2100/index.shtml)

## **COST SHARING**

- Cost sharing refers to the portion of project costs that are not funded by the award; cost sharing cannot generally be funded by a Federal award.
- If cost sharing is required in the notice of award, it must be provided – and the cost sharing must have been authorized by Penn.
- Unallowable costs cannot be included in committed cost sharing. Refer to Sponsored Projects Policy 2119 at [www.finance.upenn.edu/vpfinance/fpm/2100/index.shtml](http://www.finance.upenn.edu/vpfinance/fpm/2100/index.shtml)

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

## **RECORDS RETENTION**

Records and documents related to sponsored agreements at Penn must be maintained in accordance with the University of Pennsylvania Records Retention Schedule. Refer to Records Retention Schedule at [www.archives.upenn.edu/urc/recrdret/entry.html](http://www.archives.upenn.edu/urc/recrdret/entry.html)  
See also Sponsored Project Policy 2132 at [www.finance.upenn.edu/vpfinance/fpm/2100/index.shtml](http://www.finance.upenn.edu/vpfinance/fpm/2100/index.shtml)

## **2. Award/Account Set-Up/Documentation**

The following information should be maintained for each award during the life of the project:

- **Notice of Award (NOA):** Specifies requirements such as a) whether project changes are allowable, b) the project deliverables, c) whether remaining balances must be returned to the sponsor or carried over to future years, d) program income.
- **Account Information Summary:** Review the summary of account information to ensure that it accurately captures pertinent information such as the award start and end dates, total award amount, the Ben Financials account number, and special award terms and conditions.
- **Communications:** Correspondence among Penn, the project sponsor and other appropriate parties (e.g., subrecipients) related to the award.
- **Expenditures Documentation:** Documentation of expenditures applied to the award that demonstrates that all expenditures have been appropriately authorized by the PI and that they are allowable, allocable and reasonable.
- **Financial Accounting:** Documentation of spending patterns and commitments to monitor potential overspending or underspending.

## **3. Operations**

- Develop and use a grant check list that lists important grant dates and activities such as due dates for periodic and final progress reports, technical reports and competitive renewals.
- Business Office and/or BA periodically reconcile award expenditures for review and verification by the PI.
- PI is aware of the funds available to support the sponsored project.
- BA prepares and maintains adequate documentation of project changes for review and approval by PI. Note that some changes require prior approval from the sponsoring agency such as a) changes in key personnel, b) the absence of PI from the project for more than 3 months,

c) significant reduction in PI effort and/or d) changes in the scope or direction of project.

#### 4. Award Close-Out

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

- ✓ Final Technical Report
- ✓ Final Report of Inventions
- ✓ Final Inventory of Equipment
- ✓ Final Financial Report (including cost-sharing)

At least 3 months prior to expiration of the budget period, the PI and BA should carefully review the project's financial status. All necessary adjustments (e.g., journal entries, payroll reallocations) should be made during the course of the budget period and must be made before the end of the adjustment period (typically 60 days after the budget period end date). Important considerations include:

- Ensuring completeness, accuracy and allowability of all categories of direct costs before the close of the budget period.
- Planning for updates to the payroll and procurement systems to ensure a smooth transition of financial activities to a new fund number or funding source during the closeout phase.

### EFFORT REPORTING

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

- Effort reports should be completed using reasonable estimates of actual effort, not payroll distributions. Penn uses payroll distributions to initially estimate effort, but these distributions must be changed if the distribution

differs from the actual effort expended.

- Effort reports must include **all** University compensated activities but not activities for which the individual is paid from sources outside the University, such as the VA, CHOP or outside consulting work.
- Effort reports must total 100%, regardless of the number of hours worked or the appointment status of the individual.
- Effort reports must be completed by the individual whose effort is being reported OR by a responsible person with access to reliable documentation about how effort has been expended.
- Some sponsored projects, including NIH awards and certain Commonwealth of Pennsylvania awards, set caps on the salary that can be paid from the award, which may result in cost sharing. More information can be found in OMB Circular A-21, on the Research Services website at [www.upenn.edu/researchservices](http://www.upenn.edu/researchservices) or from the PennERS team.
- Other valuable effort reporting resources include: [ers\\_help@pobox.upenn.edu](mailto:ers_help@pobox.upenn.edu)

### DIRECT COSTS

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

- Direct costs must be **specifically identified** with a particular project.
- Direct costs must be **allocable**, or charged in proportion to their benefit to a project.
- Direct costs must be **reasonable**, reflecting the conservative actions of a "prudent person."
- Direct costs must be **allowable**, and not explicitly prohibited by law, regulation, policy or the award terms.