

DOC. T94-034  
Passed by the BoT  
4/6/94

## **Policy for the Development and Administration of Grants, Contracts and Cooperative Agreements For Sponsored Programs**

### **PURPOSE**

This policy establishes principles essential for the sound management and administration of grants, contracts and cooperative agreements for sponsored University programs in instruction, research, and public service. They provide appropriate controls for the development of proposals and applications; procedures and criteria for the acceptance of grants and contracts for sponsored programs; and prudent and effective administrative and accounting controls for grant, contract and cooperative agreement administration. This policy assigns responsibility to organizationally separated offices and individuals for each step in the administrative process, addressing both pre- and post-award administration.

The University engages in a wide variety of programs, projects, and other activities which are supported by funds from external agencies and organizations. Funds received for such programs are held in trust by the University and are separately budgeted and accounted for. The mechanisms used by external organizations to provide support are categorized into three types: Grants, Contracts and Cooperative Agreements.

The University's management procedures for the three general mechanisms are essentially the same. Each is treated by the University as a specification of obligations which may require separate accountability for expenditures and evidence of performance consistent with the intentions of the sponsor.

### **DEFINITIONS**

A grant is an award to the University which does not require the production of specific results or services, but which typically defines objectives (either as proposed by the University or defined by the sponsor) toward which the award proceeds are to be applied. The grant award may be restricted as to where, by whom, and for what purposes the proceeds may be used.

Contracts are agreements between one or more sponsors and the University. The terms of the agreement outline very specific goals and requirements for goods and/or services to be provided by the University to the sponsor. It is routine for these goods or services to be provided on a specific schedule. The relationship between the sponsor and the University is one of procurement.

Cooperative agreements are basically bilateral grants, used when substantial sponsor involvement is anticipated in the management and/or performance of the sponsored activity.

## **APPLICATION**

This policy supersedes existing policies and procedures for administration of sponsored programs- It applies to all grants, contracts and cooperative agreements for such programs and to all organizational units (e.g., colleges, schools, departments, centers, institutes, and programs) of the University and other affiliated organizations, wherever located. This policy does not apply to patient care contracts at the Worcester campus which are governed by Trustee Documents T76-031C, Interagency Agreement and T78-081, Authorization of Chancellor to Execute Hospital Reimbursement Agreements with Blue Cross and/or its Successor.

Any campus may institute additional policies and procedures that may be more, but not less, restrictive than the conditions of this policy.

## **ORGANIZATION**

The office of the Vice President for Management and Fiscal Affairs shall have responsibility for University-wide conformance with this policy. The Chancellor or his/her designees shall have responsibility for campus-wide conformance with this policy. The campus officials for pre- and post-award administration of sponsored projects, the University Controller, and the Vice President for Management and Fiscal Affairs shall constitute the primary University system group which establishes practices and procedures to implement this policy.

Each of the campuses will have an office for sponsored project administration reporting to an appropriate campus designated Vice Chancellor. The campus office for sponsored project administration shall provide administrative support services to campus researchers and directors of sponsored projects and, in collaboration with the campus fiscal services, shall effect conformance with University fiscal management practices.

## **ADMINISTRATIVE RESPONSIBILITIES**

The campus sponsored project administrators and Controllers are assigned specific responsibility for pre- and post-award administration of grants, contracts and cooperative agreements. The sponsored project administrator at each campus is the sole authorized institutional official having authority for submitting proposals and applications to funding agencies.

Sponsored programs are essential and integral to research, and public service in the academic setting. A primary function of the office of sponsored project administration, therefore, is to support the University's principal investigators, both in their relationships

with outside funding sources and in their dealings with other University administrative units.

Each office for sponsored project administration is responsible for initiating in collaboration with the campus fiscal services, campus procedures for pre-and post-award related activities. The procedures must be in accordance with all University-wide administrative policies which affect grant and contract management (e.g., Personnel, Purchasing, and Accounting). The sponsored project administrators and Campus Controllers shall serve as the formal point of contact between the campuses and funding agencies on administrative and financial matters.

The office for sponsored project administration shall participate in the preparation of annual studies related to research activities of the campus. The sponsored project administrator shall have the responsibility for final certification of project budgets and for determining whether amendments or revisions to project budgets shall be subject to the internal review procedures. Requests for changes which require prior approval shall be prepared by the principal investigator and endorsed by the sponsored project administrator. The principal investigator for a sponsored project shall be responsible for administering the project in conformance with the approved budget. The designation of principal investigator is to be determined by each campus in addition to describing the roles and responsibilities of the principal investigator or those designated. The Campus Controller shall not process disbursements on any account (except reimbursable contracts) unless funds are available or unless approval for transfer or advances has been given in accordance with the budgets and this policy; such approval is subject to review by the sponsored project administrator.

As a partner in sponsored project activities, it is the responsibility of the principal investigator to conduct the project consistent with all federal and state laws including the Massachusetts Conflict of Interest Law, Chapter 268A, all University policies, and with the highest ethical standards. In addition, the principal investigator will be responsible for the substantive conduct of the project, adherence to the terms and conditions, initiation of all personnel and purchasing actions, disclosure of potential conflicts of interest, invention disclosure, and equipment inventory.

## **PROCEDURES**

### **Pre-award**

Each campus will establish internal implementation procedures for sponsored project administration maintaining consistency with the policy of this document. These procedures must include the designation of individuals for campus programmatic and budgetary review and approval of proposed projects. In principle, every proposal must be approved by at least two higher organizational authorities with regard to appropriate University goals and resources. Normally, in the case of academic departments, the programmatic aspects of proposals must be approved first by the appropriate Chair (or equivalent) and then by the Dean of the School or College or his/her designee. This

review should ensure that the proposal is consistent with the goals and objectives of the department, college or institution and should also assess the impact of the project upon the future resources of the organization and any changes in the level of institutional support which may result from the acceptance of an award. Prior to signing, the Chair and/or the Dean must confirm the availability of space, major technical resources and equipment, institutional support personnel, and must endorse commitments for cost sharing, matching funds, or any proposed retention of project-supported personnel after the expiration of the award. If such confirmations and endorsements cannot be made, the Chair or Dean should refer the proposal to other appropriate campus officials for resolution. If in a particular case the Chair and Dean are unable to review and approve a proposal, or to make the required commitments and endorsements as to resources and cost sharing, then such proposal must be approved by the Chancellor or his/her designee.

Programmatic and budgetary review of proposals generated by such organizational units as Institutes, Centers, and Programs shall be performed by the administrators to whom the unit head reports. Project proposals generated by Institutes, Centers, or Programs which report to administrators of the President's Office but that involve activities at any campus of the University, shall be reviewed by appropriate officials at that Campus prior to submission to the sponsor.

In the preparation and submission of proposals, the following provisions shall apply:

1. Proposals must conform with the policies of the Board of Trustees and of the University Administration.
2. The sponsored project administrator shall review and approve proposed contracts prior to their acceptance by the University. Legal review, when requested by the sponsored project- administrator, shall be performed by the University Counsel or by designated Counsel in a timely manner.
3. An Internal Processing Form (IPF) shall accompany all proposals through the review process. This form shall summarize pertinent data from the proposal and provide signature lines for reviewers to register their approval.
4. Multi-campus proposals require review and approval of each campus' sponsored project administrator prior to submission.
5. The Vice President for Academic Affairs shall be informed at the time of submission of all proposals for projects which will have a pronounced impact upon the goals and programs of the University.
6. The Chancellor or his/her designee shall review and approve proposals which include University commitments for new permanent professional staff positions, matching funds in excess of \$50,000, or substantial construction or renovation.
7. Transmission of all project proposals and acceptance of all awards from any sponsoring agency must have the signature of an authorized institutional representative.

## **Post-award**

## **General**

Inasmuch as the award is made to the University of Massachusetts, and not to an individual or a department, the University is legally responsible for the project and more importantly, for fulfilling the sponsors requirements.

It is the responsibility of the University Controller, in conjunction with the campus fiscal services to establish the controls necessary to assure sound fiscal management of sponsored agreements. Campus fiscal offices will coordinate all accounting and fiscal matters relating to sponsored agreements among campus administrative offices, research administrators, and principal investigators. If University fiscal policies are more restrictive than the terms and conditions of the sponsored agreement, University policies will take precedent over the sponsored agreement.

It is the responsibility of the principal investigator and the campus fiscal services to adhere to the fiscal terms and conditions of the sponsored agreement, comply with University and campus fiscal policies and procedures. The principal investigator shall be responsible for submitting technical, patent and other required scientific reports in a timely manner to both the sponsoring agency and the campus fiscal services.

### **Contract Terms**

Campus fiscal offices are responsible for determining the credit worthiness of sponsors. Each campus will develop a procedure to use credit information as a determining factor in evaluating the sponsor. Whenever possible, partial payments from sponsors received in advance should be encouraged. Late fees should be charged when allowable under the terms of the sponsored agreement.

### **Establishing Accounts**

The University Controller, in conjunction with campus fiscal offices, is responsible for the timely establishment of accounts in the University's financial systems in accordance with the term and conditions of the sponsored agreement. Campus fiscal offices should implement procedures that ensure accurate and timely reporting for each grant or contract and provide copies of these reports to the principal investigator on a timely basis.

### **Billings/Letters of Credit**

It is the sole responsibility of the campus fiscal offices to prepare and submit, on a timely basis, any fiscal reports and billings to sponsors in accordance with terms and conditions of the agreement. All University billings, letters of credit or other requests for payment under grants, restricted gifts, and contracts for sponsored projects shall be in the name of the University of Massachusetts. Drawdowns under letters of credit shall be authorized by the University Treasurer or his/her designee.

### **Indirect Cost Rates**

Each Chancellor or his/her designee shall negotiate the indirect cost rates applicable to projects supported by federal agencies and non- federal sponsors respectively on his/her campus. A copy of the approved rate agreement shall be sent to the President. These rates shall not be varied or waived without prior written approval of the appropriate office of sponsored project administration.

### **Collections**

The campus fiscal offices shall institute procedures to maintain proper accounting and control of all cash receipts from sponsored agreements billings. Payments received on account for sponsored projects shall be deposited by the fiscal office designated to receive grant receipts in bank accounts established by the University Treasurer or his/her designee. Anyone receiving monies due the University shall immediately forward them to the designated campus fiscal office. Each campus shall implement collection procedures. A reserve for uncollectible accounts shall be established by each campus.

### **Expenditures**

In a timely fashion, the campus fiscal offices shall review and approve all expenditures for compliance with sponsor requirements, University policies as outlined in Trustee Document T92-031, Policy for Management of University Funds and campus procedures. Signatures of employees, including temporary designees, authorized to approve expenditures shall be on file in the campus fiscal office. Authorizations for payments involving non- personnel expenditures require approval by the principal investigator. All personnel action forms require certification by the campus fiscal offices that funding is available. Personnel action forms for initial appointments and changes in compensation rates shall include the original signature of the principal investigator and the original signature of the Department Head or Dean. Other personnel action forms shall require only the principal investigator's signature. The campus fiscal offices shall provide advice and service to principal investigators to guide expenditures in a manner that assures maximum benefit and utilization of funds from sponsored agreements.

### **Recovery of Indirect Costs and Fringe Benefits**

The campus fiscal offices will apply indirect cost rates and fringe benefit rates in accordance with federal and state regulations. The indirect cost rates are not to be varied or waived without prior written approval of the Chancellor or his/her designee upon recommendation of the campus office of sponsored projects administration.

### **Institutional Commitments**

It is the policy of the University to generally cost share only the dollar value of contributed personnel time during a project period, together with the associated indirect costs, which is paid from State or other non- Federal funds. However, at certain times, and with permission of the institution contracting officer, the University may cost share or match other costs as long as the costs are not included in the University's negotiated

overhead rate. When this does occur, it is the responsibility of the principal investigator to maintain records of actual cost sharing expenditures.

In cases where a particular sponsor restricts the recovery of indirect costs by the University, the unrecovered portion of those costs may be shown in the project budget as cost sharing.

In instances where the cost sharing requirements of a sponsor are such that the University cost sharing from usual sources is insufficient, such as the need for matching funds, the principal investigator and the campus office of sponsored projects administration will prepare a statement of University participation.

### **Audit**

Sponsored projects are subject to agency audit, State audit, and University internal and external audit.

### **Amendments**

All changes in any sponsored project agreement, including time extensions, shall be by formal amendment requested in writing by the principal investigator and processed by the contracting officer. A copy of each change must be submitted to the campus fiscal services.

### **Subgrants and Subcontracts**

These policies apply to all subgrants and subcontracts whether received or issued by the University.