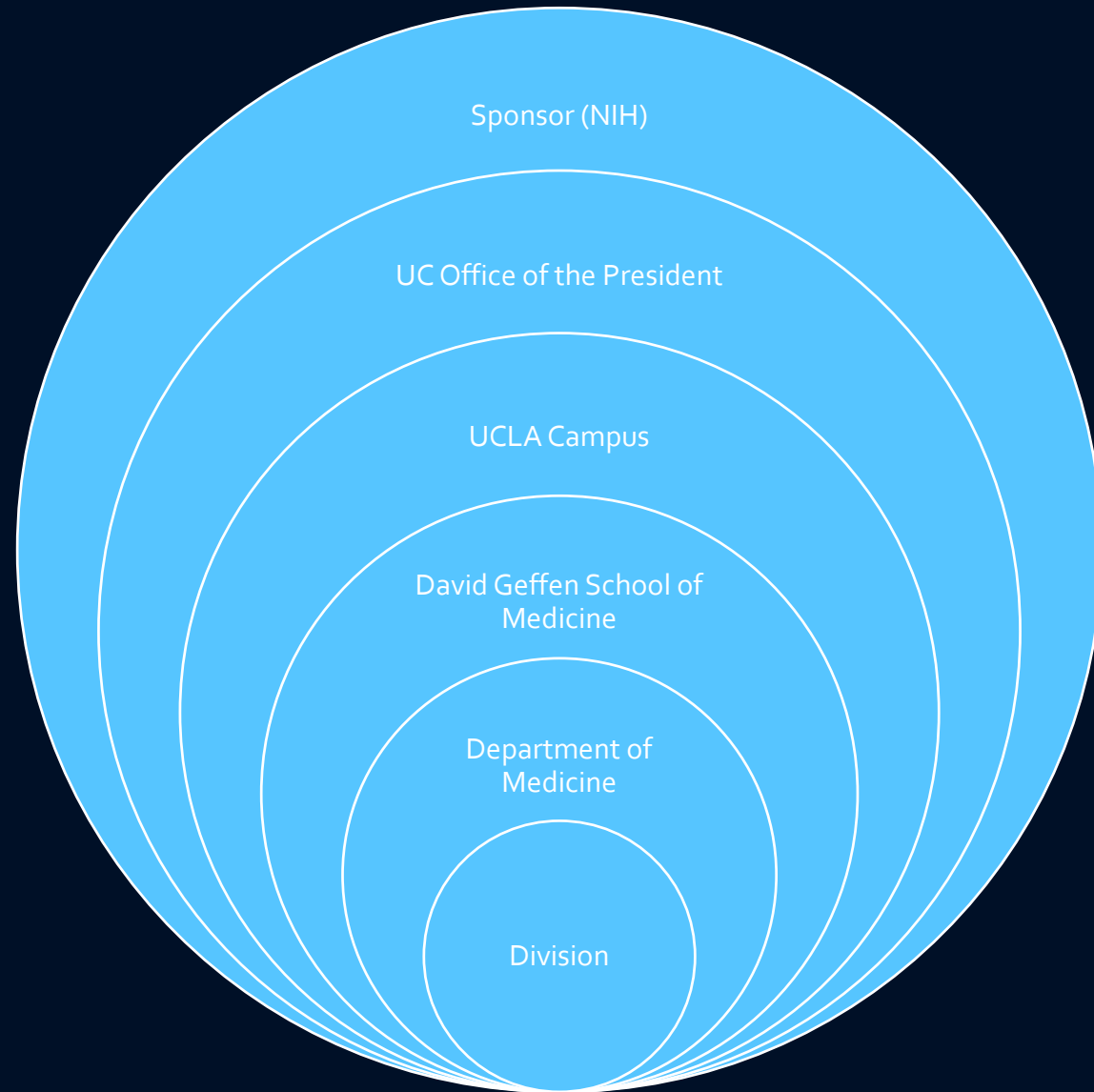


This session will *not* be recorded, but this PowerPoint can found

<https://medschool.ucla.edu/research/researcher-resources/administrative-support/department-medicine-office-research-administration/fund-management-training>

NIH Grants Management Policies

UCLA DEPARTMENT OF MEDICINE
OFFICE OF RESEARCH ADMINISTRATION
ZOOM TRAINING



Uniform Guidance

EFFECTIVE DECEMBER 26, 2013

Uniform Guidance

- Replaced the Office of Management and Budget (OMB) Circulars A-21 and A-110 effective December 26, 2013
- Purpose:
 - Authoritative set of rules and requirements for Federal awards
 - Administrative requirements
 - Cost Principles
 - Audit Requirements of Federal Awards
 - Aim to reduce the administrative burden on award recipients
 - Guard against the risk of waste and misuse of Federal funds

The Cost Principles

- Establish standards for the allowability of costs
- Provide detailed guidance on the cost accounting treatment of costs as Direct or F&A costs
- Set forth the allowability and allocability principles for select items of cost

Factors Affecting Allowability of Costs (UG 200.403-406)

- Factors affecting allowability of costs:
 - (a) Be necessary and **reasonable** for the performance of the Federal award and be **allocable** thereto under these principles.
 - (b) **Conform** to any limitations or exclusions set forth in these principles or in the Federal award as to types or amounts of cost items.
 - (c) Be **consistent** with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
 - (d) Be accorded **consistent** treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - (e) Be in accordance with GAAP.
 - (f) Not used to meet cost sharing or matching requirements.
 - (g) Be adequately documented.

Reasonable Costs (UG 200.404)

- A cost may be considered reasonable if, in its nature and amount, it does not exceed that which would be incurred by a **prudent person** under the circumstances prevailing at the time the decision was made to incur the cost.
 - Is the cost necessary for the grant's performance?
 - Did the grantee comply with UCLA's established organizational policies in incurring the cost or charge?
 - Did the grantee act with due prudence in carrying out their responsibilities to the Federal government and the public at large as well as to UCLA?

Allocable Costs (UG 200.405)

- A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or **assignable** to that Federal award or cost objective in accordance with **relative benefits** received. This standard is met if the cost:
 - (1) Is incurred solely in order to advance work under the grant.
 - (2) Benefits both the Federal award and other work of UCLA, and can be distributed in proportions that can be approximated using reasonable methods.
 - (3) It is necessary to the overall operation of UCLA, and is assignable in part to the Federal award.

NIH Grants Policy Statement (GPS)

VERSION DATED DECEMBER 2022

NIH Grants Policy Statement

- **Purpose:** The NIH GPS is intended to make available to NIH grantees, in a single document, the policy requirements that serve as the terms and conditions of NIH grant awards.

Direct Costs vs. Facilities & Administrative Costs (GPS 7.3)

DIRECT COSTS (DC)

Costs that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Direct costs include, but are not limited to: salaries, travel, equipment, and supplies directly benefitting the grant-supported project or activity.

FACILITIES & ADMINISTRATIVE COSTS (F&A)

Costs incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, instructional activity, or any other institutional activity. Facility operation and maintenance costs, depreciation, and administrative expenses are examples of costs that are usually treated as F&A costs.

Consistency (NIH GPS 7.2)

- Recipients must be consistent in assigning costs to cost objectives. Costs may be charged as either direct cost or F&A costs, depending on their identifiable benefits to a particular project or program, but all costs must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding.

Questions to Ask to Determine Allowability

- *Reasonable*: Would a prudent person purchase this good or service under the same circumstances?
- *Allocable*: Is this good or service being charged to the sponsored agreement in accordance with relative benefit received?
- *Consistently Treated*: Is this good or service normally treated as a direct cost or an F&A cost under similar circumstances?

Questions to Ask to Determine Allowability

- It is also important to ask if the item being purchased is a **general purpose item**. General purpose items (e.g. office supplies, telephones, office computers, etc.), are usually treated as F&A costs, and should be charged to an unrestricted fund.
- **Would the item still need to be purchased if the grant being charged did not exist?**
 - If the answer is YES, then it is probably NOT an allowable expense to the grant.

Documentation & Justification

- If a PI requests to purchase an item that may be considered unallowable (e.g. computer, project related office supplies, etc..), you should request a justification from the PI to explain how the item directly benefits the grant being charged, and is not a general purpose item. If the justification is appropriate, and you determine the item is allowable on the grant, be sure to include the justification with the order documentation, AND with the grant folder in case of an audit.

It is in the Proposal Budget & Justification, so It is Allowable, Right?

- Not necessarily!!!
- The individuals responsible for reviewing proposals for award issuance are not necessarily reviewing for allowable vs. unallowable expenses. This is really a post-award issue.
- The auditors who review post-award expenses will not base allowability on inclusion in the proposal budget, but rather, they will base allowability on the policies contained within the Uniform Guidance and NIH Grants Policy Statement.

GPS Policy Highlights

- **Cost Transfers (GPS 7.5)** - Cost transfers to NIH grants that represent corrections of clerical or bookkeeping errors should be **accomplished within 90 days** of when the error was discovered. The transfers **must be supported by documentation that fully explains how the error occurred** and a certification of the correctness of the new charge by a responsible organizational official. An explanation merely stating that the transfer was “to correct error” or “to transfer to correct project” is not sufficient. Transfers of costs from one project to another or from one competitive segment to the next **solely to cover cost overruns are not allowable.**

GPS Policy Highlights

- **Allocation of Costs and Closely Related Work (GPS 7.6)**
 - When salaries or other activities are supported by two or more sources, issues arise as to how the direct cost should be allocated among the sources of support. In general, a cost that benefits 2 or more projects in proportions that can be determined without undue effort should be allocated to the projects on the basis of the proportional benefit.

GPS Policy Highlights

- **Select Items of Cost (GPS 7.9.1)** – The governing cost principles address selected items of cost, some of which are mentioned in this subsection for emphasis. This subsection is not intended to be all-inclusive. The cost principles should be consulted for the complete explanation of the allowability or unallowability of these costs.

GPS Policy Highlights

- **Financial Management System Standards (GPS 8.3.1)**
 - NIH cannot support the research unless it has assurance that its funds will be used appropriately, adequate documentation of transactions will be maintained, and assets will be safeguarded.
 - Recipients must have in place accounting and internal control systems that provide for appropriate monitoring of grant accounts to ensure obligations and expenditures are reasonable, allocable, and allowable. In addition, the systems must be able to identify large unobligated balances, accelerated expenditures, inappropriate cost transfers, and other inappropriate obligation and expenditure of funds.

GPS Policy Highlights

- **Summary of NIH Standard Terms of Award (GPS 8.1.1)**
- **Final Reports (GPS 8.4.1.4 - 8.4.1.7)** – Unless the GMO grants an extension, grantees must submit:
 1. Final FFR
 2. Final Progress Report
 3. Final Invention Statement
- All 3 reports are **due within 120 days** of the end of the grant support.
- Failure to submit timely and accurate final reports may affect future funding!

GPS Policy Highlights

- **Prior-Approval Requirements (GPS 8.1.2)**
 - Additional no-cost extensions greater than 12 months, or late notification of initial no-cost extension
 - Carryover of unobligated balances if the NOA indicates UCLA does not have the authority to automatically carry over unobligated balances
 - Change in Scope
 - Change in status of the PD/PI or Senior/Key Personnel named in the NOA
 - Change in Recipient Organization
 - Foreign component added to a grant
 - Pre-Award cost greater than 90 days before effective date of the initial budget period of a new or competing continuation award (always at UCLA's own risk)

GPS Policy Highlights

- **Direct Charging Salaries of Administrative and Clerical Staff (GPS 8.1.1.5)**
 - The Salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:
 - (1) Administrative or clerical services are integral to the project or activity.
 - (2) Individuals involved can be specifically identified with the project or activity.
 - (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.
 - (4) The costs are not also recovered as indirect costs.

NIH Salary Cap

- The Consolidated Appropriations Act restricts the amount of direct salary of an individual under an NIH grant to **Executive Level (EL) 2** of the Federal Executive Pay scale.
- Effective Jan. 01, 2023 = **\$212,100/yr (\$17,675/mo)**

NIH Notice of Award (NOA)

- The NOA is a legal document issued to notify the grantee that an award has been made and that funds may be requested from the designated HHS payment system or office.
- Once the award is accepted by the grantee, the contents of the NOA are binding on the grantee unless and until modified by a revised NOA signed by the GMO

NIH Notice of Award (NOA)

- The NOA sets forth pertinent information about the grant, including, but not limited to, the following:
 - Application/grant identification number
 - Name of grantee organization
 - Name of the PI
 - Approved project period & budget period start and end dates
 - Amount of funds authorized for obligation by the grantee
 - Names of the cognizant IC PO, GMO & GMS
 - Applicable terms and conditions of award, either by reference or inclusion

NIH Notice of Award (NOA)

- Pay special attention to **Section IV of the NOA: Special Terms and Conditions.**
 - This is where the NIH will include any special restrictions that are specific to the grant.
 - It is also where the NIH may include their own list of who they determine to be Key Personnel. This list supersedes the PIs list.

UCLA Policy Websites

- [UCLA Admin Policies & Procedures](#)
 - Drop down list by policy #, e.g. 900 Principal Investigator Eligibility
- [UCLA Policies Directory](#)
 - Admin & Operations
 - Gifts & Rewards to Individuals
 - Whistleblower
 - Business & Finance
 - Accounting Policy, Moving Expense, Travel, etc..
 - Research & Academic Affairs
 - UC Contract & Grant Manual

Links from Today's Class

- Uniform Guidance
 - <https://www.federalregister.gov/documents/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>
- NIH Grants Policy Statement
 - <http://grants.nih.gov/grants/policy/nihgps/index.htm>
- OCGA Prior Approval Request
 - <https://ocga.research.ucla.edu/prior-approval-request/>
- NIH Salary Cap
 - http://grants.nih.gov/grants/policy/salcap_summary.htm

Survey Link

<http://goo.gl/forms/C3gdjsL5y1>

We appreciate if you would take a few moments to complete a short 7 question anonymous survey to help us improve your training experience. Thank you!