OSR Mission

The Office for Sponsored Research assists investigators in proposing and managing sponsored programs in support of Northwestern University's mission of innovative research, excellent teaching, and public service.

- Northwestern's central research administration office
- Institutional point of contact for external research sponsors
- Comprehensive pre-award and post-award services
- Assistance with the interpretation of regulatory requirements and policy

Summary of OSR Responsibilities

- Facilitating all Northwestern sponsored research activities
- Advising faculty and staff on proposal development and broader sponsored research issues (including cost accounting standards)
- Interpreting agency and Northwestern policy, guidelines, and terms and conditions
- Endorsement of Institutional proposals and resulting awards
- Negotiation and acceptance of awards
- Award establishment
- Subawards issuance
- Reporting on Northwestern sponsored research activity
- Guidance on award management issues
- Represent Northwestern nationally
- Respond to OIG audits and subpoenas

OSR - Chicago

Executive Director

Government Contracts Team

Contracts Teams

OSR - Evanston

Director

Contracts Team

Grants Team

Assistant Director

Grants Team

Assistant Grants Officers

Grants Assistants
OSR – Information Team

Roles & Responsibilities: Grants Team
- **Grants Officers**
  - Pre-award services (e.g. Proposal review, institutional endorsement, and submission)
  - Award review and negotiation
  - Post-award non-financial management
  - Ensure compliance with sponsor & University policies and processes
  - Liaison with sponsors and funding agencies on behalf of faculty and administrators

- **Grants Assistants**
  - Pre- and post-award support services to Grants Officers (e.g. Proposal review prep)
  - Award setup
  - Liaison with ASRSP, research administrators, and other departmental administrators

Roles & Responsibilities: Contracts Team
- **Contracts Officers**
  - Draft, review, and negotiate:
    - Clinical trial agreements
    - Industry-sponsored basic research agreements
    - Non-financial sponsored programs agreements (e.g. Material Transfer Agreements [MTA], Data Use Agreements [DUA], and Non-Disclosure Agreements [NDA]; Confidentiality Disclosure Agreements [CDA])
    - Other related contracts
  - Ensure compliance with sponsor & University policies and processes

- **Research Analysts / Coordinators of Administration and Grants**
  - Provide administrative support for industry-sponsored clinical trials
  - Process related MTAs, DUAs, NDAs/CDAs
  - Review and maintain proposal and award data in InfoEd

Roles & Responsibilities: Info Team
- **Information**
  - Provide functional assistance for InfoEd and ESPR
  - Analyze and report research data to executive leadership
  - Ensure data integrity, namely quality assurance for proposal and award activity
  - Maintain institutional ERA accounts and assist individuals with external ERA systems (e.g. eRA Commons, FastLane)

- **Communications & Education**
  - Manage OSR website and OSR listservs
  - Maintain centralized help resources for the research administration community
  - Create and deliver sponsored research training content
  - Collaborate with OSR offices and university partners to develop resources and implement electronic projects

Why research?
- "Skin Gel Stops Breast Cancer Growth"
- "Reducing the Achievement Gap"
- "Why Do Families Keep Secrets?"
- "Printing Human Organs"
- "New HIV Test will Help Developing World"
- "Touch Screens That Touch You Back"

The University – Sponsor Relationship
- Why universities engage in research
  - Generate and disseminate knowledge
  - Maintain high-quality educational environment (sponsored research helps maximize available resources)

- Why sponsors provide research support
  - Common ideology
  - Large, established university infrastructure
  - Top faculty and student talent
What is a Sponsored Project?

Specific research, training, service, or similar activity for which funding, data and/or material support is provided by an external sponsor under an agreement with the University.

Common Sponsor Types

- Federal government
  - For example:
    - National Institutes of Health (NIH)
    - National Science Foundation (NSF)
    - Department of Defense (DOD)
    - Department of Energy (DOE)
- State and local governments
- Foundations/nonprofits
- Industry
- International entities

Funding Mechanisms

- Formal means through which a sponsor contracts with a recipient institution to provide funding.

<table>
<thead>
<tr>
<th>Mechanism Type:</th>
<th>Grants</th>
<th>Cooperative Agreements</th>
<th>Contracts</th>
<th>Subcontracts*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assistance</td>
<td>Financial assistance</td>
<td>Procurement</td>
<td>Varies</td>
<td></td>
</tr>
</tbody>
</table>

Grants vs. Gifts

- Grants
  - Funding provided in response to an institutionally-endorsed proposal submitted to sponsor
  - Specified statement of work, deliverables, budget, and period of performance
  - Technical and financial reporting requirements
  - Subject to terms and conditions of sponsor
  - Must be routed through OSR
  - Subject to University policy

- Gifts
  - No specified statement of work, deliverables, budget, or period of performance
  - Minimal reporting requirements
  - Irrevocable
  - Work with Development Office
  - Subject to University policy

For Additional Information:
https://osr.northwestern.edu/policies/sponsored-projects-versus-gifts

Non-Financial Research Agreements

- Data Use Agreements (DUA)
- Non-Disclosure Agreements (NDA)/Confidentiality Disclosure Agreements (CDA)
- Facility Use Agreements
- Material Transfer Agreements (MTA)

Northwestern By The Numbers

- For FY 2016, we had:
  - 290 proposals submitted a month (3,482 proposals submitted)
  - 256 awards set-up per month (3,072 awards total)
  - 310 contracts executed per month (3,731 contracts)
With Whom Does OSR Collaborate?

### Organizations and their Acronyms
- Accounting Services for Research and Sponsored Programs (ASRSP)
- Center for Clinical Research (CCR)
- Conflict of Interest at Northwestern University (NUCIOI)
- Innovation and New Ventures Office (INVO)
- Institutional Animal Care and Use Committee (IACUC)
- Institutional Review Board (IRB)
- Office for Export Controls Compliance (OECC)
- Office of Foundation Relations (OFR)
- Office of General Counsel (OGC)
- Risk Management

*Not an exhaustive list; examples of common engagements*

The Sponsored Project Life Cycle

- **Post-Award Administration**
- **Award Closeout**
- **Award Set-Up**
- **Proposal Development and Submission**
- **Award Negotiation and Acceptance**
- **Pre-Award Administration**

SPOT: Available Mini-courses

- **Introduction to Sponsored Research**
- **A Beginner’s Guide to Sponsored Project Solicitations**
- **Anatomy of an Administrative Shell**
- **Budget Management Basics: Projections and Reconciliations**
- **Proposal Budgets 101**
- **Proposal Budgets 102**
- **How to Read an Award Document**
- **Setting up an Award**

Sponsored Project Online Training (SPOT)

- Web-based training resulting from a partnership between OSR and Training Advisory Committee
- Two training formats:
  - Mini-courses: Short (20-to-30 minute) interactive videos that cover a range of topics in sponsored research administration.
    - Current offerings target those who are new to research administration and cover introductory topics
    - Courses are presented via Northwestern’s digital learning platform, MyHRLearn
  - Microlearning modules: 5-minute functionally-oriented videos with each video addressing a discrete task or topic; dynamic “how-to guides” meant to supplement system user guides and other job aides

OSR In-Person Training

- Hands-on, instructor-led courses that complement the online SPOT offerings
- Current offerings cover introductory topics in sponsored research administration
- Case study-based
- Offered on a quarterly basis, alternating between campuses
- Register for classes online at MyHRLearn

In-Person Courses: Fall 2017

<table>
<thead>
<tr>
<th>DATE</th>
<th>TOPIC</th>
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</thead>
<tbody>
<tr>
<td>Monday Oct. 30</td>
<td>Reading &amp; Evaluating a Solicitation</td>
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<tr>
<td>Thursday Nov. 2</td>
<td>Proposal Budgets 101</td>
</tr>
<tr>
<td>Monday Nov. 6</td>
<td>Proposal Budgets 102</td>
</tr>
<tr>
<td>Thursday Nov. 9</td>
<td>Award Documents &amp; Award Set-up</td>
</tr>
</tbody>
</table>

- Chicago Campus (Terry Lab 731)
- 2-hour hands-on, case study-based sessions
- Must complete related SPOT courses before enrolling in corresponding in-person course
Questions?
Visit the OSR website: http://osr.northwestern.edu

Cindi Mason
Manager, Research Safety Training
safety-training@northwestern.edu

ORS Office and Contact Information

Evanston: Tech NG-71, 847-491-5581
Chicago: Ward B-106, 312-503-8300
E-mail: researchsafety@northwestern.edu

Why does Northwestern need ORS?
• Identify hazards
• Control risks
• Manage compliance

Regulatory Agencies

Consequences of Noncompliance
• Employee exposure to hazards
• Fines
• Loss of funding
ORS Programs

- Biological Safety
- Laboratory and Chemical Safety
- Radiation and Laser Safety
- Emergency Response
- Hazardous Waste Disposal
- Training

Biological Safety

Programs:
- Laboratory Safety Reviews
- Recombinant DNA registration
- Human gene transfer
- Bloodborne pathogens
- Infectious agents
- Biohazard waste
- BSL3 laboratories
- Select agents
- Biosecurity

Laboratory and Chemical Safety

Programs:
- Laboratory Safety Reviews
- Laboratory Safety and Chemical Hygiene Plan
- Lab design review
- General safe work practices
- Engineering controls
- Personal protective equipment
- Respiratory protection
- Safety equipment
- Hazardous processes
- Chemical Fume Hood Inspections
- Engineered nanoparticles

Radiation and Laser Safety

Program Areas:
- Radiation Safety
  - Training and Audits
  - Radioactive material use authorization
  - RAM inventory, accountability, receiving/shipping
  - X-ray
  - Irradiator Security
- Laser Safety
  - Training and Audits
  - Laser use authorization
  - Laser Inventory

Emergency Response

- Hazmat response
- Spill kits
- Incident reporting

Hazardous Waste Disposal

Heritage Environmental Services

- Chemical waste
- Biological waste
- Radioactive waste

http://researchsafety.northwestern.edu/hazardous-waste/hazardous-waste-disposal-guide
Online system designed to inform PIs, Cores and Lab Workers about safety specific to their workplace:

- Regulations
- Engineering controls
- Safe work practices
- Personal protective equipment

NSIS: Principal Investigators

NSIS: Safety Evaluation

NSIS: Lab Workers

Laboratory Safety Review

- Initial visit for new labs then annual*
- Interview PI/Safety Designate and Lab Workers
- Visual inspection
- Deficiencies require follow-up
**Safety Services from Other Depts.**

- **Risk Management**
  - Fire safety, evacuation plans, workers compensation

- **Procurement and Payment Services**
  - Purchasing, compressed gases, dry ice and liquid nitrogen

- **University Police**
  - Personal safety, security threats and breaches

[http://researchsafety.northwestern.edu](http://researchsafety.northwestern.edu)

**Visitors and Volunteers**

- Safety regulations extend to visitors and volunteers
- Training required if the person will work unsupervised
- See Human Resources site

[http://www.researchsafety.northwestern.edu/training/laboratory-visitors-volunteers](http://www.researchsafety.northwestern.edu/training/laboratory-visitors-volunteers)

**What Now?**

- Review ORS website
- Acquire Department Administrator access to NSIS
- Review your department info in NSIS

[http://www.researchsafety.northwestern.edu](http://www.researchsafety.northwestern.edu)

**Questions?**

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**Northwestern University Research Administration Professionals (NURAP)**

An organization to support research administration professionals

**Mission**

NURAP strives for a diverse membership of research administration and support professionals in departments, divisions, centers, schools and central administration units.

With an emphasis on operations and organizational management, NURAP provides an educational forum to discuss current policies, exchange best practices/ideas and network.
Grassroots Leadership
Nathan Youngblood, President, Mechanical Engineering
Juleen Morford, Vice President, Institute for Public Health and Medicine
Maura Cleffi, Northwestern Argonne Institute of Science and Engineering (NAISE)
Aaron DiLeo, OR, OSR, EV
Helaine Miller, Institute for Sustainability and Energy at Northwestern (ISEN)
Susan Hall-Pardone, Center for Sleep and Circadian Biology
Jody Hirsh, Chemistry of Life Processes Institute (CLP)
Rebecca McNaughton, Office of Research Development (ORD)
Brittany Patrick, University Research Institutes & Centers Administration (URICA)
Aaron DeLee, OR, OSR, EV
Helaine Miller, Institute for Sustainability and Energy at Northwestern (ISEN)
Jody Hirsh, Chemistry of Life Processes Institute (CLP)
Rebecca McNaughton, Office of Research Development (ORD)
Brittany Patrick, University Research Institutes & Centers Administration (URICA)

NURAP Website (Information)
Organizational information, list of previous events, membership information, resources for research administrators
http://www.nurap.northwestern.edu

Recent NURAP@NOON Sessions
Reinventing the Office for Research Safety: Five Years On– presented by Michael Blayney
Effort Reporting- Post Review 101– presented by Tina Mete, Erin Farlow
IRB- Why Ethics Matter? – presented by Marcella Oliver, Beth Irwin
Getting Involved in NCURA – panel discussion

Joining NURAP
How do you become a member of NURAP?
✓ Join the listserv by emailing us at nurap@northwestern.edu
✓ Membership in NURAP is free!
✓ Membership in NURAP is open to all members of the Northwestern University community involved in any aspect of research

Questions?

Please Join us on Twitter, Facebook or LinkedIn
Networking/Break

Cost Principles for Sponsored Projects Administration

Tina Mete
Senior Effort Coordinator
Accounting Services for Research and Sponsored Programs (ASRSP)

Responsibilities

Cost Accounting Principles
Recharge/Service Centers
Compensation - Effort Reporting
Financial Surveys
Costing Analysis

http://www.northwestern.edu/coststudies

2 CFR 200
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

- Effective Dec 26, 2014
- Supersedes 8 OMB circulars, including A-21, A-110, and A-133
  - A-21: Cost Principles for Institutions in Higher Education
  - A-110: Administrative Requirements
  - A-133: Audit Requirements
  - Applied to Audit: period starting Dec 26, 2014

Download:
http://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Office of Cost Studies - Personnel

Jennifer Mitchell
Director, Cost Studies

Tina Mete
Sr. Effort Coordinator

Erin Farlow
Sr. Effort Coordinator

Sophia Gabay
Sr. Cost Analyst

Organization of Uniform Guidance

<table>
<thead>
<tr>
<th>Subpart</th>
<th>Title and Emphasis</th>
<th>Section No.</th>
<th>Predominate Sources</th>
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<tbody>
<tr>
<td>A</td>
<td>Acronyms &amp; Definitions</td>
<td>200.0 to 200.96</td>
<td>New</td>
</tr>
<tr>
<td>B</td>
<td>General Provisions</td>
<td>200.1xx</td>
<td></td>
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<tr>
<td>C</td>
<td>Pre-Federal Award</td>
<td>200.2xx</td>
<td>A-110, A-102</td>
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<tr>
<td>D</td>
<td>Post-Federal Award - including Procurement, Standards for Financial and Program Management, and Subrecipients Monitoring</td>
<td>200.3xx</td>
<td>A-110, A-102</td>
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<td>E</td>
<td>Cost Principles - including Direct &amp; Indirect (F&amp;A) Costs, and Compensation/Personal Services</td>
<td>200.4xx</td>
<td>A-21, A-87, A-122</td>
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<td>F</td>
<td>Audit Requirements</td>
<td>200.5xx</td>
<td>A-133</td>
</tr>
<tr>
<td>Appendices</td>
<td>Combination of all 8 circulars; III – F&amp;A for Educational Institutions</td>
<td>I to XI</td>
<td></td>
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Cost Principles - http://www.northwestern.edu/coststudies
Risks of Non-compliance

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<tr>
<td>Florida International University</td>
<td>Feb 2005/ Dept of Energy</td>
<td>Effort reporting, cost transfers, payroll diet</td>
<td>$11.5 million</td>
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<tr>
<td>University of Alabama at Birmingham</td>
<td>Apr 2005/NIH</td>
<td>Research work overstated, Medicare billed for research</td>
<td>$3.9 million</td>
</tr>
<tr>
<td>The Mayo Clinic</td>
<td>May 2005/NIH, others</td>
<td>Cost allocation, cost transfers, inadequate accounting system</td>
<td>$6.5 million</td>
</tr>
<tr>
<td>St. Louis University</td>
<td>July 2006/NIH, CEI, NIH</td>
<td>Supplemental compensation, effort reporting</td>
<td>$1 million</td>
</tr>
<tr>
<td>Yale University</td>
<td>Dec 2008/Multiple agencies</td>
<td>Cost transfers, summer salary charges, effort reporting</td>
<td>$7.6 million</td>
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<tr>
<td>Duke University</td>
<td>Jan 2009/NIH</td>
<td>Direct charging of administrative and clerical costs</td>
<td>Final settlement is recommended $ by the auditor</td>
</tr>
</tbody>
</table>

Roles and Responsibilities

- Are you involved in managing these funds?
  - Fund 610 to 650 (Sponsored) & 191 to 193 (Cost Share)
    - Research administration includes providing stewardship to appropriately manage grants and contracts at All Levels
- Internal Controls (Section 200.303)
  - Must maintain effective internal control over the federal award that provides reasonable assurance...
  - Must comply, evaluate and monitor compliance with federal statutes, regulations and the terms and conditions of the federal awards
  - Must take prompt action when non-compliance is identified

Sponsored Project Costs

Direct Costs + Indirect Costs = Total Costs

Sponsored project costs are comprised of allowable direct costs plus the allocable portion of allowable indirect costs

Guiding Principles for Charging Costs

Be necessary and reasonable for the performance of the award and be allocable thereto under these principles.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities.
- Ensuring consistent treatment. A cost is either direct or indirect cost when for the same purpose in like circumstances.
- Not included as a cost or cost sharing on another award
- Be adequately documented
Unallowable Costs Examples

- Uniform Guidance:
  - 200.423 Alcoholic beverages
  - 200.424 Alumni/ae activities
  - 200.429 Commencement costs
  - 200.438 Entertainment costs
  - 200.441 Fines, penalties and settlements
  - 200.442 Fund raising
  - 200.445 Goods or services for personal use
  - 200.450 Lobbying
  - 200.469 Student Activity Costs (including athletics)
- Agency-specific policy (e.g., NIH salary limitation)
- University policy (e.g., Employee morale costs)
- Award-specific terms & conditions (e.g., Some grants prohibit foreign travel)

Guiding Principles: Reasonable Costs (200.404)

- is determined by the prudent person test, i.e., are the nature and charge amount not excessive and within the bounds of common sense?
- Generally recognized as ordinary and necessary.

Can the charge pass the “Test of Reasonableness”?

- Common sense – will another prudent person make the same decision?
- How would it look if published in the Chicago Tribune?
- Is it consistent with ethical business practices and applicable laws?

Guiding Principles: Allocable Costs (200.405)

A cost is allocable to a sponsored agreement if:
- It is incurred solely to advance the work under the sponsored agreement.
- The cost is charged in accordance with relative benefits received or other equitable relationship.

Allocability

An appropriate method should be used to allocate the costs of bulk purchases to individual project (see below)

Allocate based on a reasonable estimate of actual consumption
Allocate based on the number of grants in the department

Questions?
Can I Charge this Cost to an Award?

Yes
Direct or F&A (consistency)

Direct

Reasonable? Allowable? Allocable? No

Stop
F&A

Charge to a non-sponsored account

Check Your Knowledge

Facilities & Administrative Rate

Tina Mete
Senior Effort Coordinator
Accounting Services for Research and Sponsored Programs (ASRSP)

Higher Education: 4 Major Functions

F&A Rates

- All research and development activities of an institution Facilities and Administrative Cost - also known as Indirect Cost, Overhead Cost
- F&A Rates are Calculated per Major Function once every 3 or 4 years by the Office of Cost Studies
- F&A Rates of Instruction, Organized Research, and Other Sponsored Activities are then Negotiated with the Federal government
- Organized Research accounts for the largest reimbursement of the F&A Cost and is today’s focus

Organized Research

- All research and development activities of an institution are separately budgeted and accounted for including:
  1. **Sponsored Research**: All research and development activities that are sponsored by Federal and non-Federal agencies and organizations
  2. **University Research**: All research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds
F&A Rate Calculation

- The rate is based on a periodic calculation and submission of a rate proposal, which is then negotiated with Northwestern’s cognizant agency (DHHS).

<table>
<thead>
<tr>
<th>Indirect Costs</th>
<th>Direct Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Organized Research</td>
<td>= 54.5%</td>
</tr>
</tbody>
</table>

F&A Indirect Costs

Supporting Organized Research = 54.5%

Direct Costs

F&A Rate Development Methodology

Indirect Cost Assignment & Allocation

- Instruction
- Organized Research
- Other Sponsored Activities
- Other Institutional Activities

Direct Cost Buckets

F&A Rate Calculation

- Assign expenditures to pools and bases by function code
- Remove unallowable costs from pools
- Allocate allowable pool costs to major functions
- Divide F&A Costs allocated to OR/MTDC of OR

The “Pools”:
- Facilities costs
- Administrative costs
- Based on allocations of actual costs

The Base:
- Based on actual costs charged to research projects
- Typically expressed as MTDC but can be TDC or salary & wages

The F&A Ratio

Indirect Cost “Pools” = 54.5%

Direct Cost “Base”

The Ratio

Facilities & Administrative Costs

- Facilities Related Costs:
  - Building Depreciation/ Use Allowance
  - Equipment Depreciation/ Use Allowance
  - Interest
  - Operations & Maintenance
  - Library

- Administrative Related Costs:
  - General Administration (GA)*
  - Department Administration (DA)*
  - Sponsored Projects Administration (SPA)*
  - Student Services

Step 3: Allocate Allowable Pool Costs to Major Functions

<table>
<thead>
<tr>
<th>Indirect Cost Pool</th>
<th>Allocation Basis</th>
<th>Allocation Basis Detail</th>
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</thead>
<tbody>
<tr>
<td>Facilities</td>
<td>Square Feet</td>
<td>- Allocation Statistics is equal to Sq. Ft. used for each Major Function divided by Total Assignable Sq. Ft.</td>
</tr>
<tr>
<td>Admin</td>
<td>Modified Total Cost of each major function</td>
<td></td>
</tr>
</tbody>
</table>

- General Administration
- Department Administration
- Sponsored Projects Administration
- Student Services

Allocate 100% to Instruction
How F&A Costs are Distributed

| Allowable Facilities Related Indirect Costs | $50M |
| Allowable Administrative Indirect Costs | $50M |
| MTC & Other Allocations | $50M |
| Total F&A | $150M |

Organized Research – F&A Rate

- Allowable Facilities Related Indirect Costs: $150M
- Allowable Administrative Indirect Costs: $50M
- MTC & Other Allocations: $50M

Space Survey

- Why is it Important?
  - Cost allocation for building and equipment depreciation/interest
  - Operations and maintenance
  - Rate is uncapped

- How Can You Help?
  - Key for F&A rate calculation*
  - Offices will be calculated based on salary distribution by the Office of Cost Studies*
  - For labs, account for who worked in the lab
    - Understand the funding per lab
    - Training grants vs. research grants
    - Recharge

Maximizing F&A Recovery

- F&A recovery is a critical part of the University's budget and necessary to support a sustained investment in the research enterprise
- Negotiated rate is almost always less than the actual calculated rate*
- Accessing the F&A rate represents recovery of costs already incurred by the University, which benefited the sponsors

F&A Rate Calculation: How Can You Help?

Conduct the following activities Timely and Appropriately:

- Effort reporting (working with Cost Studies)
- Space survey (working with Facility Management and Cost Studies)
- Equipment inventory (working with Account Services and Cost Studies)

Questions?
Cost Transfers

Tina Mete
Senior Effort Coordinator
Accounting Services for Research and Sponsored Programs (ASRSP)

What is a Cost Transfer (Journal)?

The act of moving a charge from one project/account to another

- Cost transfers can occur:
  - Between two sponsored accounts
  - From a non-sponsored account to a sponsored account
  - From a sponsored account to a non-sponsored account, or
  - Between two non-sponsored accounts

Cost Transfers

Why are Cost Transfers Problematic?

- A cost that is originally placed on an account is certified for allowability, allocability tests and direct benefit to a project
- A cost transfer invalidates that original certification

Cost Transfer Guiding Principles

- Are for correcting errors
- Must not be used as a means of managing available cash balances
- Project funds are not interchangeable; the integrity of each grant account must be maintained
- Reasonableness, allowability, allocability, and consistency must be established; the need for a cost transfer must reflect adherence to federal cost principles and must be well-documented
- Costs applicable to several projects cannot be charged solely to a single project
- Costs not allocable to a project cannot be charged to that project (even temporarily)

Risks of Non-compliance

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<td>The Mayo Clinic</td>
<td>May 2005/NIH, others</td>
<td></td>
<td>Cost allocation, accounting system, cost transfers, inadequate accounting system</td>
<td>$6.5 million</td>
</tr>
<tr>
<td>St. Louis University</td>
<td>July 2005/NIH, CDC, AHC</td>
<td></td>
<td>Supplemental compensation, effort reporting</td>
<td>$1 million</td>
</tr>
<tr>
<td>Yale University</td>
<td>Dec 2008/Multiple agencies</td>
<td></td>
<td>Cost transfers, summer salary charges, effort reporting</td>
<td>$7.6 million</td>
</tr>
<tr>
<td>Duke University</td>
<td>Jan 2009/NIH</td>
<td></td>
<td>Direct charging of administrative and clinical costs</td>
<td>Final settlement &lt; recommended $ by the auditor</td>
</tr>
</tbody>
</table>

NIH and Northwestern Standards

- Must be made within 90 days of the original charge
- Transfers of salary charges could take place before certifying effort
- In all cases, data needed for transfers must be reviewed by a designated official
- Must be made within 90 days after the date of occurrence
- Must be made within 90 days after error is discovered

Cost Transfers
Cost Transfer Documentation

- Provide a reason for the transfer
- Explain the purpose of the transfer
- Draw a correlation between the initial charge and the account to which it is being transferred
- Document and maintain all relevant information to the transfer

Salaries/wages cost transfers (journals) must be supported by certified effort report if the reporting period has been open in the Effort Reporting System (ERS)

- Links to 90-day cost transfer memo and related references:
  http://www.northwestern.edu/coststudies/salary-cost-transfers.html

Cost Transfer Red Flags

- Transfers made in excess of 90 days after the original charge
- Transfers without a full explanation or "cookie cutter" explanations (e.g., "to correct error")
- High volume of transfers (especially during the last month of the award)
- Patterns in timing (i.e., near end of project period) and "route" (mostly onto, and rarely off of sponsored projects) of transfers
- Transfers among "closely related" projects
- Grant to Grant transfer

Cost Transfers

How to Prevent Unnecessary Cost Transfers

- Establishing pre-award chartstrings, when appropriate, can prevent future cost transfers
  - Pre-award spending allows the PI to begin work and record charges against the proper chartstring related to a project before the start of the award
  - Keep in mind that costs are incurred at the institution's or department's risk
  - To establish a pre-award chartstring, submit the request via ESPR explaining the need and supplying budget details
- Establishing a financial plan that enables you to proactively charge expenses to the correct chartstrings from the onset
- Communicating with Payroll, recharges centers and other staff that process expenses to the grant

Cost Transfers

Timeliness and Closeouts

- Submitting cost transfer in time for reporting is a major consideration as the government tightens its closeout processes (e.g., Payment Management System)
- Deadlines for reporting expenses have changed significantly
- What do these new rules mean...
  - Grant expense need to be reconciled by the end date of the grant, not after the grant end date
  - Cost transfers submitted after the grant end date may not make the report and could be denied
  - Department may lose funding if they have not charged expenses timely

Cost Transfers

Questions?

Networking/Break
Recharge Centers (Service Centers) and Program Income

Tina Mete
Senior Effort Coordinator
Accounting Services for Research and Sponsored Programs (ASRSP)

What is a Service (Recharge) Center?
A Service Center is an Operating Unit that has the expertise to provide specialized services or goods to internal (NU) customers on a recurring basis and needs to recover the costs of providing the goods/services.

- Costs of providing the good/service are recovered through fees to users, primarily Northwestern faculty, staff, and students
- Service Centers aka. Recharge Centers

Why Do We Need Service (Recharge) Centers?

- Good and/or service may not be otherwise available
- Increase procurement efficiency or convenience

Examples:
Use of a MRI machine, Cleanroom, Machine shop, etc.

Categories of Service Centers

- Specialized Service Facility (Direct + indirect = Fully loaded costs)
  e.g., CCM (Animal Facility), Telecommunication

- Core Facilities (Shared resources with a research aim)
  e.g., Genomics, IMSERC

- University-wide Service/Recharge Center
  (Managed by Central – e.g., Facility Management)

- Department Recharge Center
  (Operated by a department) e.g., Machine shop

When is a Recharge Center Needed?

- Examples
  - Recurring Use of an instrument by other researchers and need to recover the labor, maintenance, and/or applicable equipment depreciation cost
  - Recurring Services to provide goods or expertise to users and need to recover the operating costs

Contact us! A cost study of the recharge rates should be performed to ensure the charges are based on actual costs and No profit is built into the rates for internal usage.
Examples of Measurable Units for Goods or Services

- Labor hour
- Machine hour
- CPU unit
- Per Rack Unit
- Daily rate
- Test
- Slide
- Page
- Cup

Recharge Rates & Subsidy Consideration

- Most recharge centers are supported (subsidized) by the university, school or department
- Charges to users must be equitable so no Federally sponsored user subsidizes another user
  - If a lower rate is provided to certain users only, subsidy/support from another allowable source should be provided to account for the difference
- Recharge rates are cost-based; the revenue from the recharge center cannot be treated as profit and used to purchase capital equipment or fund department deficits
- Recharge rates should be reviewed and approved by Cost Studies on an annual basis
  - Use the annually approved rates to charge users

Grant-Supported Recharge Centers

What is the treatment of revenue when a recharge center supported by federal grant(s) generates a net surplus during the award period?

Program Income

- Program income is gross income—earned by a grantees, a consortium participant, or a contractor under a grant—that was directly generated by the grant-supported activity or earned as a result of the award
- Any costs associated with the generation of the gross amount of program income that are not charged to the grant should be deducted from the gross program income earned, and the net program income should be the amount reported
- Must be reported to the agency

Examples of Program Income

- Fees for services performed
- Money from the use, sale, or rental of equipment purchased with project funds
- Sale of supplies or equipment purchased or fabricated with project funds
- Sale of software, tapes or publications
- Sale of research materials, such as animal models, vectors, or reagents
- Fees from participants at conferences or symposia

Use of Program Income

<table>
<thead>
<tr>
<th>Program Income Alternative</th>
<th>Use of Program Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additive</td>
<td>Added to funds committed to the project or program and used to further eligible project or program objectives.</td>
</tr>
<tr>
<td>Deductive</td>
<td>Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based.</td>
</tr>
<tr>
<td>Combination</td>
<td>Uses all program income up to (and including) $25,000 as specified under the additive alternative and any amount of program income exceeding $25,000 under the deductive alternative.</td>
</tr>
<tr>
<td>Matching</td>
<td>Used to satisfy all or part of the non-Federal share of a project or program.</td>
</tr>
</tbody>
</table>
Roles and Responsibilities

Service Center Director/Mgr
• Manages routine operations
• Prepares rates
• Adheres to the approved rates when charging customers
• Tracks financial performance
• Administers billing and collection activities

Office of Cost Studies
• Assists in development
• Reconciles capital equipment information
• Reviews and approves rate calculation
• Helps correct non-compliant practices
• Establishes/monitors adherence to policy

http://www.northwestern.edu/coststudies/recharge.html

Questions?

What does CFA do?
• Core Facilities Administration provides financial support, administrative oversight, professional development, assessment and communication of shared research resources to advance the research mission of Northwestern University.

– Institutional Policies and Procedures
– Federal Regulations and Compliance
– Annual Report Review
– Program Review
– Inter-Institutional Activities (OAI, Cores at Argonne, SHyNE)
– Marketing and Communications (business consulting, support services, website, brochure)

What are Core Facilities?
• Core Facilities are centralized research laboratories with state-of-the-art (expensive) equipment
• “Recharge Centers” operating under a fee-for-service model, with the mission of enabling research at Northwestern

– Department Core Facilities serve researchers in a single department, earning revenue less than $30K/year
– University Core Facilities serve researchers in multiple departments, earning revenue greater than $30K/year
– Clinical Core Facilities serve the research needs of researchers/clinicians engaged in clinical research studies

• Cores provide centralized services to researchers:

– Genomics/Proteomics/Animal Model services
– Synthesis and characterization of biomolecules (small molecules, peptides, proteins)
How are Core Facilities Supported?

- Central Oversight of University Core Facilities
  - Administrative and Financial Services (NUcore)
  - Rigorous Evaluation of Annual Reports (Awards)
  - Policies and Regulations (Federal, University)
  - Professional Development Opportunities

- Annual Financial Support
  - OR (approx. $2M/yr)
  - Centers, Schools, Departments (approx. $2M/yr)

- Construction and Improvements of Space for Core Facilities

How are Core Facilities Supported? (cont’d)

- Office for Research Equipment Grants: two competitive rounds per year, support equipment purchases up to $100K, ReLODE loan program up to $500K (10 yr. to pay back)
- Office for Research Operating Support: requested via the Annual Report, supports expenses not allowable on recharge, facility growth, unexpected expenses
- FSM Dean’s Office Support: competitive, single round per year, provides subsidies for cores serving FSM researchers
- Voucher Program: when a PI donates new equipment to a core facility, they are eligible for a voucher to use the equipment

Additional Support of Core Facilities

- Schools and Departments provide operating subsidies or annual deficit coverage to core facilities
- Core-specific grants reduce the operating costs (NIH RHLCC grant and other P30’s, NSF MRSEC grant)
- External users charged a higher rates - especially commercial users that can help a core facility balance its budget (some transactions may be taxable)

How can I learn more about Core Facilities?

- Visit our website: [http://facilities.research.northwestern.edu/](http://facilities.research.northwestern.edu/)
- Internal Opportunities
  - Core Facility Listserv Quarterly Brown Bags
  - Kellogg Course: Leadership and Management in Core Facilities
  - Quarterly NUCore Tech Talks
- External Opportunities
  - National: ABRF (Association of Biomolecular Resource Facilities)
  - Regional: MWACD (Midwest chapter of ABRF)

Contact us with questions!

Export Controls: What Are They and How Do They Impact Research?

Lane Campbell
Director, Office for Export Controls Compliance (OECC)
Overview and Background

"Export Controls" are federal rules and regulations governing the shipment or transmission of items out of the U.S., including disclosures or transfers of technical data to foreign persons, whether in the U.S. or abroad.

Export controls arise due to three primary reasons:

- The characteristics of the item itself (e.g., if it has military applications)
- The destination of the item (both the country and the individual or entity) – See Entity List
- The suspected end use of the item

Export controls are intended to address several concerns:

- Protect U.S. national security
- Implement U.S. foreign policy
- Maintain a military and economic edge

Regulating Agencies

- Department of Commerce
- Department of State
- Department of Treasury
Restricted Parties

- The federal government publishes various lists which indicate certain parties (both individuals and companies) subject to restrictions.
- Primary lists include the Entity List, Specially Designated Nationals, Denied Persons, and Debarred Parties.
- Northwestern is now using screening software to conduct comprehensive and dynamic screening of restricted parties.

Embargoed Nations

- The U.S. has embargoes in place against several countries:
  - Cuba, Iran, the Sudan, Syria, and North Korea
  - Engagement with any of these countries requires a review of potential export control concerns

Export Controls Impact on Research

- "Deemed exports" involve the release of items subject to export controls to a foreign national.
  - The item is "deemed" to have been exported to the home country of the foreign national.
  - "Foreign national": not a US citizen, a lawful permanent resident, or a "protected person."

Fundamental Research Exclusion

- The "Fundamental Research Exclusion" ("FRE") was established in a memo signed by President Reagan
  - NSDD-189 Memo, issued in 1985
  - Characterizes "fundamental research", "the results of which ordinarily are published and shared broadly within the scientific community."
  - "It is the policy of [the federal government] that, to the maximum extent possible, the products of fundamental research remain unrestricted."
Fundamental Research Exclusion

- The FRE is destroyed when:
  - Sponsor is provided with the right to approve publications
  - Foreign nationals are restricted from participating in the research
  - "Side deals" are struck, wherein the researcher agrees to cooperate in some way with the sponsor to act inconsistent with "fundamental research"

Beyond the FRE

- The FRE does not apply to all university activities, e.g.:
  - All overseas physical shipments must be in compliance with export control regulations.
  - Anything provided under a non-disclosure agreement is potentially subject to controls.
  - Restricted parties and embargoes must always be considered when evaluating export control compliance concerns.

Consequences of non-compliance

- Failure to comply with export control regulations may have many consequences
  - Criminal charges
  - Monetary penalties
  - Damage to reputation
  - Loss of export control privileges

J. Reece Roth Case

- Professor Emeritus at the University of Tennessee who illegally exported sensitive technical information to China.
  - Traveled to China with his laptop, which contained sensitive information.
  - Shared information with foreign nationals, despite being put on notice by his employer and by the research contract.

In the News

- UMass Lowell was recently fined $100,000 for the unlicensed export of equipment to a company in Pakistan.
  - At the time, the company was listed on the Entity List.
  - The equipment was classified "EAR99."
- Earlier this year, a former postdoc at the University of Michigan was criminally charged with exporting equipment to his home country of Iran.
  - The defendant faces up to 20 years in prison.
  - The violation involved the shipment of humanitarian items to an embargoed country.

The Role of OECC

- Established November 2012
- Intended to provide a central resource dedicated to export controls compliance.
- Coordinates with other offices to ensure that Northwestern is in compliance with the export control regulations.
- When in doubt, contact us.
Questions and Contact Information

Office for Export Controls
Northwestern University
Evanston, Illinois 60208
http://experts.northwestern.edu

Export Controls

Day 2 is Complete!

Thank you for attending day 2 of the Research Administration Training Seminar!

I will be emailing a brief survey regarding day 2 of this training. Please take a few minutes to fill it out as we are always looking for suggestions for improvement!

The next session is on Tuesday, 10/10 at 9:00am in Chambers Hall — Lower Level. If you have any questions or concerns, please do not hesitate to contact me.