Agenda – Day Three

- IRB
- IACUC
- CCM
- Cost Principles for Sponsored Project Administration
- F & A Rates
- Program Income/Service Centers
- Cost Transfers
- NURAP

Northwestern University Institutional Review Board (IRB)

Marcella Oliver
IRB Reliance and Education Lead

IRB Role in Research

The sole mission of the IRB is the protection of humans who participate in research…..

It is not to annoy researchers.

The structure of the NU IRB

NU IRB Facts

>10,000 Submissions a Year
6 IRB Review Boards (2 Campuses)
Avg. 655 Studies Reviewed at Panel each Year
60% Biomedical and 40% Social Behavioral

Three administrative areas:

IRB
Human Research
Training and Education
Compliance
Why do we need IRB?

But really--why do we need IRB in this day and age?

- No one can be objective about their own work – history bears this out but it is true.
- People underestimate the risks involved with areas they are very familiar (procedures, CT scans, adding supplements, surveys on sensitive issues, etc.)
- People overestimate the benefit of things that are important to them.

IRB Ethical Responsibilities

Belmont Report (1979): 3 Ethical Principles

1. Respect for Persons
2. Beneficence
3. Justice
Day-to-day IRB

When Does the IRB Get Involved?

When it is Human Research.

It's Research when there is a systematic investigation.

It's Human Research when there are:

- Living individual(s) about whom information is collected through intervention or interaction; or
- Identifiable Private Information

When it is a systematic investigation that involves living people or their identifiable information about whom the information collected is intended to develop or contribute to generalizable knowledge the IRB needs to see it.

Other resources: Human Research Determination Form (HRP-503)

HRP 310 WORKSHEET Human Research Determination

IRB Review Categories

<table>
<thead>
<tr>
<th>Review Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt</td>
<td>Minimal risk, Belmont Principles still apply, Does not apply to FDA regulated research unless it falls under Emergency Use</td>
</tr>
<tr>
<td>Expedited</td>
<td>Minimal risk, identifiable, more personal information, Reviewed in the office except for vulnerable populations, If expedited reviewer does not approve, the study must go to the full board</td>
</tr>
<tr>
<td>Full Board</td>
<td>Minimal risk research not in exempt or expedited review categories, Research that is more than minimal risk, Certain research with vulnerable populations (children, pregnant women, prisoners)</td>
</tr>
</tbody>
</table>

.111 Regulatory Criteria

- Participant Selection
- Vulnerable Populations
- Voluntary Consent
- Benefits
- Risks
- Research Design

Speaking “IRB”

What the IRB is looking for:

1. Risks to participants are minimized.
2. Risks are reasonable in relation to anticipated benefits.
3. Selection of participants is equitable.
4. Informed consent is sought from each participant and is appropriately documented.
5. The researcher has adequate training and experience and there is not a conflict of interest.
6. Privacy and confidentiality of participants is protected.
7. Additional safeguards are included for vulnerable populations.
8. Data collection is monitored to ensure participant safety.
9. The research methodology is reasonable and will accomplish the purpose of the study.
10. Participants are fully debriefed if deception used.
NU IRB Submission Process

PI Submits New Application
IRB Coordinator Pre-Review
Assigned to Reviewer or Panel
Approval Today? Yes
Changes Requested
Modification Requested for Formal Review

Pop Quiz!
Which study meets the definition of research with human subjects?

a) A physician plans to conduct a study of comments posted on a blog for patients with diabetes. (Publicly available info)
b) A psychologist proposes videotaping interactions between groups of toddlers and their caregivers to determine which intervention methods most effectively manage aggression.
c) A grad student proposes asking the director of a local free clinic about the number of patients in the last two years with newly diagnosed HIV/AIDS. (No human subjects—no identifiers collected)
d) A university designs an in-house study to improve the mentoring of students with the proposed outcome consisting of a report of recommendations for the department.

Correct Answer: b

a) A physician plans to conduct a study of comments posted on a blog for patients with diabetes. (Publicly available info)
b) A psychologist proposes videotaping interactions between groups of toddlers and their caregivers to determine which intervention methods most effectively manage aggression.
c) A grad student proposes asking the director of a local free clinic about the number of patients in the last two years with newly diagnosed HIV/AIDS. (No human subjects—no identifiers collected)
d) A university designs an in-house study to improve the mentoring of students with the proposed outcome consisting of a report of recommendations for the department. (Not generalizable knowledge)

NIH Single IRB Policy

The National Institutes of Health (NIH) Policy on the Use of a Single Institutional Review Board of Record for Multi-Site Research establishes the expectation that all sites participating in multi-site studies involving non-exempt human subjects research funded by the National Institutes of Health (NIH) will use a single Institutional Review Board (sIRB) to conduct the ethical review required by the Department of Health and Human Services regulations for the Protection of Human Subjects at 45 CFR Part 46.

This policy, which is consistent with 45 CFR Part 46.114, is intended to:
• Enhance/streamline IRB review process in multi-site research
• Eliminate duplicative IRB review
  – Reduce administrative burdens/inefficiencies
  – Maintain human subject protections
  – All IRB’s to concentrate on single site protocols

NIH Single IRB Implementation Plan (Phase 1)

- Pre-Consultation
- Dedicated Webpage
- Template Letters of Support
- SOP’s
- OSR/IRB Workflow
- Independent/Commercial IRB Questionnaire
General Contact Information

For additional information on IRB submission templates, regulatory guidance, upcoming education/training opportunities, and staff contacts, please visit our website:

- Main number (BioMedical): 312-503-9338
- General IRB queries: irb@northwestern.edu
- eIRB assistance/queries: eirb@northwestern.edu
- Compliance queries/issues: irbcompliance@northwestern.edu
- Training queries/issues: irbtraining@northwestern.edu
- Reliance Agreements: irbreliance@northwestern.edu
- Social and Behavioral IRB: 847-467-1723

Contact Information

Marcella Oliver
IRB Reliance and Education Lead
Northwestern University, IRB Office
312-503-6071
m-oliver2@northwestern.edu
irbreliance@northwestern.edu

Institutional Animal Care & Use Committee (IACUC)

Jeremiah Dunlap
PAM Compliance Analyst
The IACUC Office – Office for Research
j-dunlap@northwestern.edu

Research: Basic vs. Applied

- Humans and animals have many comparable physiological processes. Genetically modified animals, usually mice, can be bred to increase these similarities with humans.
- Basic research (compared to applied research) provides the underpinnings for development of new medical and veterinary treatments.
  - Basic research seeks to expand our knowledge
  - Applied research seeks to answer a specific question or need (e.g., create a new device)

For example:

In the early 20th century, most medical professionals suspected polio was an infectious disease, but had little proof. In 1908, investigators used extracts from the spinal cord of a boy who had died from polio to replicate the disease in monkeys. In 1955, it was announced that a successful polio vaccine for humans had been discovered.
Why is there an IACUC?

- New medical treatments are required by law to be tested on animals before entering human clinical trials.
- To regulate the use of animals in research, and ensure that they are afforded humane care.
- To assure ethical standards of research are maintained.
- The law requires research institutions to have an IACUC!

Mandated by the Health Research Extension Act (HREA), the Animal Welfare Act (AWA), and Public Health Service (PHS) Policy.

Regulatory Agencies

Organizations ensuring humane care and use of animals in research:

- The United States Department of Agriculture (USDA)
- The Office of Laboratory Animal Welfare (OLAW)

COMPONENTS OF AN ANIMAL CARE AND USE PROGRAM

INSTITUTIONAL LEADERSHIP

PI Responsibility

Animal Welfare

Daily Animal Care (CCM)

Our Mission

The IACUC balances the possible harm to an animal against the potential benefit of the research involving each animal.

The IACUC makes recommendations to improve animal welfare. Better standards of animal welfare produce better quality research.

Our Mission (continued)

When applicable, the IACUC encourages investigators to discover alternative methods by:

- Replacing animals with other research methods
- Refining procedures to minimize potential pain/distress
- Reducing animal numbers

Key Functions of the IACUC
CCM & IACUC

Center for Comparative Medicine (CCM)
• Maintains animal facilities at all NU research sites
• Manages access to the animal facilities
• Provides husbandry and veterinary care to the animals
• Provides training to research personnel

Institutional Animal Care and Use Committee (IACUC)
• Reviews research protocols for work at all NU research sites
• Evaluates the animal care program (e.g., PAM, inspections)
• Advises on program policy and training requirements
• Facilitates online training and occupational health for research personnel

Before Protocol Approval…

Getting Started
Requirements for Personnel
Trainability Program
Train and Competency Assessments
Health and Safety
Traning and Decontamination

Review: How It Works

Protocols receive either Designated Review or Full Committee Review

• Designated Reviews are completed by at least two Committee members and a veterinarian

• Full Committee Review involves a presentation to the full Committee by two members, assigned to review that protocol in advance of the meeting

IACUC Review Process

PI submits the study application to the IACUC
If necessary, application reviewed by IACUC coordinator for completeness
Application is assigned to Designated or Full Committee review
Application may require clarification or modification
Application is approved

Bubble Color Legend

IACUC Approval

• The IACUC approves protocols for a three year period, even if sponsored funding is for a longer term.

• Protocols involving work with USDA covered species must be submitted for annual re-certification.

• A de novo protocol must be submitted to the IACUC prior to the end of the three year approval period to avoid inactivation.

What Does It Mean to Be Approved?

The project may begin!

• The PI works with OSR to open accounts to spend their grant money

• Project personnel may gain access to the animal facilities (through CCM), following training and individual approval

• The PI may order animals (through CCM)
June 2017 Census

Animal Census (w/o Mice)

- Cats
- Dogs
- Guinea Pigs
- Hamsters
- Rats
- Rats
- Squirrels

June 2017 Census

Animal Census (w/ Mice)

- Mice
- Other

A Numerical Summary

- So far in 2017, the IACUC has approved 210 new protocols.
- Currently 862 protocols are active.
- This quarter, the IACUC approved over 619 amendments (i.e., changes/updates) to active protocols.

Questions?

You are also welcome to contact the IACUC Office:

Phone: (312) 503-9339
Email: acuc@northwestern.edu

Center for Comparative Medicine (CCM)

- What is ‘comparative medicine’?
  - “is a distinct discipline of experimental medicine that uses animal models of human and animal disease in translational and biomedical research.”
- At its most basic level, it is the study of animals to learn more about humankind
- First chair of comparative medicine was appointed in 1862 in France
- AAALAC, International (Association for Assessment and Accreditation of Laboratory Animal Care) accredited since 1985
- PHS Assurance- receive federal funding
- USDA registration- use USDA covered species in biomedical research
CCM’s Mission

The Center for Comparative Medicine is a core service, teaching and training unit dedicated to supporting humane animal care and use in research and education at Northwestern University. We provide quality animal care, and promote animal welfare and regulatory compliance through efficient operations and positive collaborations with faculty, students and staff.

CCM Responsibilities:

- Support faculty using animals
- Oversee the humane care and use of animals
- House research animals, maintain support space and services for the use of animals
- Provide training in the care and use of animals

Types of Animal Facilities

- Centralized: CCM “assigned” and managed space
- Decentralized: Typically department “assigned” space but CCM manages animal care
- Satellite: Department or PI “assigned” space where PI manages all animal care. Requires IACUC review and approval. PI must justify why use of a satellite is necessary versus animals housed in a CCM managed space. A satellite is defined when rats and mice are kept in the space for greater than 24 hrs and USDA-covered species are kept in the space for greater than 12 hrs.

Partnership with the IACUC

- IACUC and CCM veterinarians work together to:
  - Review, approve, and provide assistance with ASPs
  - Perform semi-annual inspections
  - Generate/modify policies
  - Generate/modify training
- New research personnel work with both the IACUC and CCM

How is CCM Organized?

- Veterinary
- Husbandry
- Procurement, Receiving, Census
- Business
- Quality & Training

Veterinary Staff

- Attending veterinarian is a mandatory member of the IACUC committee and all CCM veterinarians review ASPs and provide guidance to researchers
- Provide training on and assistance during study-related procedures
- Manage surgical suites and other facility resources
- Organize quarantine and rodent sentinel programs
- Organize enrichment program for all research animals
  - Implement certain enrichment for USDA-covered species
- Treat animal health problems
Husbandry Staff

- Comprised of Animal Care Technicians (ACTs), Cage Wash Technicians, and their supervisors
- Perform daily checks on every animal housed in CCM facilities
- Report animal health problems to the Veterinary Staff
- Clean, stock, and otherwise maintain CCM facilities
- Work with the Procurement, Receiving, & Census (PRC) Office to capture weekly census of all research animals

PRC Staff

- **Procurement**: Place orders and provide updates on the availability of new research animals
- **Receiving**: Initially receive shipments of animals
- **Census**: Maintain a database tracking all animal housing activities.
  - Per Diem (by the day) charge for every cage, pen and tank housed in facilities.
  - Census is taken on Friday’s with the assistance of Husbandry ACTs

Business Staff

- Uses information collected by PRC to bill laboratories on a monthly basis
- Bills are comprised of the following:
  - Research animal procurement costs
  - Per diem costs
  - Fees
  - Special service charges

Quality & Training Staff

- Provide orientation sessions for new research personnel
- Provide training on:
  - Specific pieces of equipment
  - Technical procedures
  - Work in specific areas within the animal facility
- Train new and existing CCM staff members
- Setup security access for anyone entering the vivarium
- Coordinate TB testing for anyone accessing areas with non-human primates

Online Resources

- Online training provides easy access to important information
  - Can be viewed as often as one wishes, in a quick but secure fashion
  - Especially convenient for research personnel on the Evanston Campus
- Animal User Manual provides a comprehensive source of information on many different CCM operations
  - Great resource for new PIs and their staff
Online Resources (continued)

- CCM Speaks is a semiannual online newsletter packed with an assortment of useful articles.
- Information on and access to CCM’s Rodent Technical Service Unit (RTSU) is also available on the website. The following services are offered currently:
  - Drug Dosing Studies/Compound Administration (Oral, Topical, IV, SC and IP)
  - Blood Collection (Submandibular, Retro-Orbital and Tail Vein)
  - Animal Identification (Ear Tag, Ear Punch or Tail Tattoo)
  - Tail Biopsy
  - Administration of Special Feed or Fluid
  - Weighing of Animals

Questions?

Networking/Break

Cost Principles for Sponsored Projects Administration

Erin Farlow
Senior Effort Coordinator
Accounting Services for Research and Sponsored Programs (ASRSP)

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
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

Organization of Uniform Guidance

<table>
<thead>
<tr>
<th>Title and Emphasis</th>
<th>Section No.</th>
<th>Predominate Sources</th>
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<tbody>
<tr>
<td>Subpart A</td>
<td>Acronyms &amp; Definitions</td>
<td>200.0 to 200.99</td>
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<tr>
<td>Subpart B</td>
<td>General Provisions</td>
<td>200.1xx</td>
</tr>
<tr>
<td>Subpart C</td>
<td>Pre-Federal Award</td>
<td>200.2xx</td>
</tr>
<tr>
<td>Subpart D</td>
<td>Post-Federal Award - including Procurement, Standards for Financial and Program Management, and Subrecipients Monitoring</td>
<td>200.3xx</td>
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<tr>
<td>Subpart E</td>
<td>Cost Principles – including Direct &amp; Indirect (F&amp;A) Costs, and Compensation/Personal Services</td>
<td>200.4xx</td>
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<tr>
<td>Subpart F</td>
<td>Audit Requirements</td>
<td>200.5xx</td>
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Appendices
Combination of all 8 circulars; III – F&A for Educational Institutions

Risks of Non-compliance

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date Settled</th>
<th>Settled/Agency</th>
<th>Issues</th>
<th>Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwestern University</td>
<td>2004/ NIH</td>
<td>Institutional base salary, K award, Certifier Assignment</td>
<td>$6.5 million</td>
<td></td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>Feb 2004/ NIH</td>
<td>Faculty time &amp; effort overstated</td>
<td>$2.6 million</td>
<td></td>
</tr>
<tr>
<td>Harvard University</td>
<td>July 2004/ NIH</td>
<td>Government billed for salaries &amp; expenses unrelated to federal grants, self reported</td>
<td>$3.9 million</td>
<td></td>
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<tr>
<td>Florida International University</td>
<td>Feb to 2005/ Dept of Energy</td>
<td>Effort reporting, cost transfers, payroll data</td>
<td>$11.5 million</td>
<td></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>
<td></td>
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<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>
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<tr>
<td>St. Louis University</td>
<td>Jul 2005/ NIH, CDC, HHS</td>
<td>Supplemental compensation, effort reporting</td>
<td>$1 million</td>
<td></td>
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<tr>
<td>Yale University</td>
<td>Dec 2006/ Multiple agencies</td>
<td>Cost transfers, summer salary charges, effort reporting</td>
<td>$7.6 million</td>
<td></td>
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<tr>
<td>Duke University</td>
<td>Jan 2009/ NIH</td>
<td>Direct charging of administrative and clinical costs</td>
<td>Final settlement not recommended by the auditor</td>
<td></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

Direct vs. Indirect (F&A) Costs

Direct Costs

F&A Costs
Guiding Principles for Charging Costs

Guiding Principles: Allowability (200.403)
- 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.

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Guiding Principles: Allocable Costs (200.405)
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Allocability

An appropriate method should be used to allocate the costs of bulk purchases to individual projects (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?

Reasonable? Allowable? Allocable?

Yes → Direct or F&A (consistency) → Direct

Charge the cost to the award using the appropriate expense object Account Code.

No → F&A

Charge to a non-sponsored account.

Check Your Knowledge

Networking/Break

Facilities & Administrative Rate

Erin Farlow
Senior Effort Coordinator
Accounting Services for Research and Sponsored Programs (ASRSP)
Higher Education: 4 Major Functions

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

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)

\[
\frac{\text{Indirect Costs Supporting Organized Research}}{\text{Direct Costs of Organized Research}} = 58.0\%
\]

F&A Rate Development Methodology

- 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

\[
\frac{\text{Indirect Cost “Pools”}}{\text{Direct Cost “Base”}} = 58\%
\]
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

F&A Rate Calculation

1. Assign expenditures to pools and bases by function code
2. Remove unallowable costs from pools*
3. Allocate allowable pool costs to major functions
4. Divide: F&A Costs allocated to OR/MTDC* of OR

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>
<th>Major Function</th>
<th>Allocation</th>
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</thead>
<tbody>
<tr>
<td>Facilities Related Indirect Costs</td>
<td>Square Feet</td>
<td>Allocation Statistic is equal to Sq. Ft used for each Major Function divided by Total Assignable Sq. Ft</td>
<td>General Administration</td>
<td>UNIV-WIDE MTC</td>
</tr>
<tr>
<td>Administrative Indirect Costs</td>
<td>Modified Total Cost of each major function</td>
<td>General Administration</td>
<td>SCHOOL DEPARTMENT MTC</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Department Administration</td>
<td>SCHOOL DEPARTMENT MTC</td>
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<td></td>
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<td>Sponsored Projects Administration</td>
<td>SPONSORED PROJECT MTC</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Student Services</td>
<td>ALLOCATED 100% to Instruction</td>
<td></td>
</tr>
</tbody>
</table>

How F&A Costs are Distributed

- $58M $72.5M $23.75M $51.25M
- $24M $1.25M $6.25M $20.0M
- $34M $52.5M $22.5M $45M
- Allowable Facilities Related Indirect Costs $150M
- Allowable Administrative Indirect Costs $50M
- $100M MTDC
- $100M MTDC
- $200M MTDC
- $10M MTDC
- Other Institutional Activities $90M
- Other Sponsored Activities $10M

Organized Research – F&A Rate

- $58M F&A
- $54M
- $58M $54M
- 58% Research F&A Cost Rate

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?

Recharge Centers (Service Centers) and Program Income

Erin Farlow
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/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 grantee, 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

Questions?

Cost Transfers

- Erin Farlow
  - 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
  - Between two non-sponsored accounts

**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)

**NIH and Northwestern Standards**

- Payments of 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](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

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

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

Questions?

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, MEAS, Research Administration, EV
Julien Morford, Vice President, FSM, Preventive Medicine/IPHAM, CH
Maria Gant, Secretary, School of Communication, EV
Jody Hirsh, OR, Chemistry of Life Processes Institute, EV
Maura Cieffi, OR, NASE, EV
Aaron DeLee, OR, OSIR, EV
Susan Hall-Perdomo, OR, Center for Sleep & Circadian Biology, EV
Brent Bell, FSM, RA
Elzbieta Klapczynska, WCAS, Research Administration, EV
Neda Hajjar, FSM, Preventive Medicine/IPHAM, CH
Helaine Miller, OR, ISEN, EV
Rebecca McNaughton, ORD
Rosa Ortiz, School of Communication, CH
Yael Mayer, MEAS, Research Administration, EV

Education and Information

Certified Research Administrator Exam Study Sessions (Continuing Education)
NURAP at Noon (Informal informational sessions)
NURAP Newsletter (Information) Member recognition, advice column, organizational news
NURAP Website (Information) Organizational information, list of previous events, membership information, resources for research administrators
www.nurap.northwestern.edu
NURAP Listserv (Information) Job opportunities, event announcements, internal training
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FY2017 NURAP@NOON Sessions

Best Practices for Sponsored Projects Travel – presented by ASRSP
Stored Value Cards – presented by Treasury Financial Operations
Project Closeout – panel discussion
NCURA Webinar on Research Terms and Conditions

Website:

http://www.nurap.northwestern.edu/

Questions?

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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

Please Join us on Twitter, Facebook or LinkedIn
Day 3 is Complete!

Thank you for attending day 3 of the Research Administration Training Seminar!

I will be emailing a brief survey regarding day 3 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 Wednesday, 1/31 at 9:00am in Lurie – Baldwin Auditorium. If you have any questions or concerns, please do not hesitate to contact me.