

Important Update

Office of Research Administration

December 2006

The Office of Research Administration announces five new policies supporting the administration of sponsored projects at Yale. These policies were originally posted as Drafts for comment by the Yale community, subsequently modified taking into considerations the comments received and then posted as final. Below are highlights of each Policy Statement and/or excerpts of key points in the Policy Sections of each of the new policies. Faculty and business administrators are encouraged to read the policies which are located at the following site:

<http://apps.business.yale.edu/ppdev/index.jsp> (click on Grants & Contracts)

Policy 1305

Cost Transfers Involving Sponsored Projects

Effective date: January 1, 2007

- Defines cost transfer as the transfer of costs to or from a sponsored project;
- A cost transfer includes *salary charges* transferred through payroll reallocations as well as other direct costs;
- A cost transfer must be made within 90 days from calendar month end of original charge date;
- All Principal Investigators (PI) and their Business Managers are responsible for ensuring that transfers of costs to sponsored projects which represent corrections of errors are made promptly.
- Transfers of costs to any sponsored project account are allowable only where there is direct benefit to the project account being charged. An overdraft or any direct cost item incurred in the conduct of one sponsored project may not be transferred to another sponsored project account merely for the sake of resolving a deficit or an allowability issue. Cost transfers should not be used as a means of managing awards.
- Cost transfers to correct an error must be completed regardless of timeframe if the correction benefits the sponsor.
- The transfer must also meet the four tests of *allowability*; and
- Be appropriately *justified* and documented. The justification must describe the benefit to the sponsored project of the cost being transferred.
- Are now subject to review and approval by GCFA.
- Require an explanation of benefit to the receiving award. An explanation merely stating “to transfer to correct project” is insufficient;
- Deemed unallowable on a sponsored project are the responsibility of a department to fund from a non-sponsored project;
- Are for correcting **legitimate** errors; and
- Should **NOT** be used as a means of managing cash flow or budget since *per se* project funds are **NOT** interchangeable. Sponsors require that the accounting integrity of each award account be maintained.

Policy 1307***Subrecipient Monitoring***

Effective date: December 1, 2006

Yale University monitors the programmatic and financial activities of its subrecipients in order to ensure:

- Proper stewardship of sponsor funds;
- That performance goals (scope of work or specific aims) are achieved; and
- The terms of the subrecipient relationship shall be documented in a negotiated agreement for University by the appropriate Grant and Contract Administration office and by an authorized representative of the recipient organization. Compliance with the terms and conditions of such agreements will be monitored during the life of the agreement.

When a Principal Investigator has an interest in or a relationship with the subrecipient entity, it shall be disclosed and, where appropriate, managed by the University's [Conflict of Interest](#) Committee.

Policy 1308***Program Income Associated with Sponsored Projects***

Effective date: December 1, 2006

The purpose of Policy 1308 is to ensure the University's compliance with the terms and conditions of an award as it relates to the treatment of program income. It is essential that in order to comply with the purpose of the policy, the roles of the Principal Investigator and department administrator are reviewed. They are as follows:

Principal Investigators

- ◆ Identify sources of actual and potential program income at the proposal stage;
- ◆ Complete required program income sections in grant proposal, as necessary;
- ◆ Develop plan for using program income;
- ◆ Discuss anticipated program income with the department administrator / business support center;
- ◆ Verify program income on reports; and
- ◆ Address account balance issues at final project termination.

Department Administrator/Business Support Center

- ◆ Assist Principal Investigator in calculating prices;
- ◆ Bill for products or services which produce program income;
- ◆ Reconcile revenue invoiced or submitted against financial reports;
- ◆ Monitor levels of program income in account and any limits that are set by the sponsor;
- ◆ Properly deposit income received in accordance with University's revenue policy;
- ◆ Monitor expenditure levels in project to ensure that program income is spent first; and
- ◆ Verify program income receipt on financial report.

Policy 1315

Effort Reporting: Certifying Effort on Sponsored Projects

Effective date: December 1, 2006

- The percentage of an individual's salary charged to a sponsored project can not exceed the percentage of the individual's total effort that is expended on the project during an effort reporting period;
- If the percentage of total effort expended in a given effort reporting period is less than the percentage of salary charged to the sponsored project during the period, the salary charges will be reduced to reflect actual effort;
- Faculty members are required to certify their own effort reports;
- A PI should certify the effort reports of the research staff working on his or her sponsored projects;
- In accordance with University procedures, faculty and other employees are responsible for completing effort certifications within 60 calendar days from the time that effort report statements are available for certification;
- Faculty who receive summer salary from sponsored projects must certify as to the effort expended on those projects **during the summer effort period**. Effort expended during the academic year cannot be counted for this purpose; and
- Generally, once a certification of effort has been completed future salary reallocations will not be permitted unless doing so favors the sponsor.

Policy 1316

Effort Commitment: Managing Effort Associated with Sponsored Projects

Effective date: December 1, 2006

- In preparing applications for sponsored projects funding, PIs are expected to provide reasonable estimates of the percent of effort necessary to carry out the proposed project;
- Faculty are expected to propose some level of activity (1% or more) or the minimum required by the program on proposals on which they are listed as Principal Investigator or key personnel unless specifically exempted by the sponsor;
- PIs must meet any proposed voluntary or mandatory commitments (i.e., uncompensated effort) of effort to sponsors;
- Key personnel such as PIs must obtain University and sponsor prior approval for reductions in effort when such approval is required by sponsors;
- Most faculty responsibilities would preclude one being paid 100% from sponsored projects; and
- Faculty who receive summer salary from sponsored projects will be required to certify whether the effort was expended on those projects **during the summer effort period**.

If you have questions regarding any of the above policies, please contact the Responsible Official indicated in each policy.

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