WHAT YOU NEED TO KNOW ABOUT RESEARCH ADMINISTRATION COMPLIANCE AT UVA
## Key Research Administration Contact Information

<table>
<thead>
<tr>
<th>School/Department</th>
<th>Contact</th>
<th>Phone Number</th>
<th>Email Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>School of Architecture</td>
<td>Elizabeth Fortune</td>
<td>982-2306</td>
<td><a href="mailto:ebf9q@virginia.edu">ebf9q@virginia.edu</a></td>
</tr>
<tr>
<td>School of Arts &amp; Sciences</td>
<td>Kobby Hoffman</td>
<td>924-7130</td>
<td><a href="mailto:kobby@virginia.edu">kobby@virginia.edu</a></td>
</tr>
<tr>
<td>Biology</td>
<td>Gladys Bryant</td>
<td>982-5612</td>
<td><a href="mailto:gob@virginia.edu">gob@virginia.edu</a></td>
</tr>
<tr>
<td>Chemistry</td>
<td>Eddie Byers</td>
<td>924-3157</td>
<td><a href="mailto:ewb6h@virginia.edu">ewb6h@virginia.edu</a></td>
</tr>
<tr>
<td>Environmental Science</td>
<td>Neal Grandy</td>
<td>924-1495</td>
<td><a href="mailto:nrg2p@virginia.edu">nrg2p@virginia.edu</a></td>
</tr>
<tr>
<td>Physics</td>
<td>Pamela Joseph</td>
<td>924-6801</td>
<td><a href="mailto:phs@virginia.edu">phs@virginia.edu</a></td>
</tr>
<tr>
<td>Psychology</td>
<td>Donna Hearn</td>
<td>982-4750</td>
<td><a href="mailto:dlh6f@virginia.edu">dlh6f@virginia.edu</a></td>
</tr>
<tr>
<td>School of Continuing &amp; Professional Studies</td>
<td>Lee Early</td>
<td>982-5246</td>
<td><a href="mailto:lee8x@virginia.edu">lee8x@virginia.edu</a></td>
</tr>
<tr>
<td>Curry School of Education</td>
<td>Komal Prasad</td>
<td>924-3841</td>
<td><a href="mailto:komal@virginia.edu">komal@virginia.edu</a></td>
</tr>
<tr>
<td>Darden</td>
<td>Mark Reisler</td>
<td>924-4854</td>
<td><a href="mailto:mr6z@virginia.edu">mr6z@virginia.edu</a></td>
</tr>
<tr>
<td>School of Engineering &amp; Applied Science</td>
<td>Dee Van</td>
<td>924-3756</td>
<td><a href="mailto:dev@virginia.edu">dev@virginia.edu</a></td>
</tr>
<tr>
<td>School of Law</td>
<td>Elaine Hadden</td>
<td>924-7343</td>
<td><a href="mailto:emh@virginia.edu">emh@virginia.edu</a></td>
</tr>
<tr>
<td>McIntire School of Commerce</td>
<td>Judy Cash</td>
<td>924-3479</td>
<td><a href="mailto:jcc@virginia.edu">jcc@virginia.edu</a></td>
</tr>
<tr>
<td>School of Medicine</td>
<td>Norma Miller</td>
<td>924-8426</td>
<td><a href="mailto:nsm@virginia.edu">nsm@virginia.edu</a></td>
</tr>
<tr>
<td>School of Nursing</td>
<td>Marianne Lampert</td>
<td>924-0074</td>
<td><a href="mailto:mbl7a@virginia.edu">mbl7a@virginia.edu</a></td>
</tr>
<tr>
<td>Alderman Library</td>
<td>Esther Onega</td>
<td>924-3899</td>
<td><a href="mailto:onega@virginia.edu">onega@virginia.edu</a></td>
</tr>
<tr>
<td>Office of the Vice President for Research &amp;</td>
<td>Becky Yancey</td>
<td>924-3606</td>
<td><a href="mailto:rla@virginia.edu">rla@virginia.edu</a></td>
</tr>
<tr>
<td>Public Service</td>
<td>General Info</td>
<td>924-4270</td>
<td>n/a</td>
</tr>
<tr>
<td>Office of Sponsored Programs</td>
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The University of Virginia received over $224 million from outside sponsors in support of research in fiscal year 2001. Not only does this number reflect an impressive amount of research activity at the University, it engenders a deluge of associated administrative tasks and considerable expertise about the business of conducting research. The research enterprise is supported by a substantial infrastructure of associates at departmental and central levels, who perform administrative tasks associated with the submission of research proposals through to project accounting, reporting and closeout. The web of research administration activity succeeds only by having and following prescribed policies and procedures of sponsors, State and University entities.

The Office of Sponsored Programs (OSP) is the central office of the University which supports research administration throughout the entire research endeavor. Their Pre-Award area oversees proposal review and submission, research extensions and supplements, account creation and rebudgeting, and contract negotiations and awards. OSP's Post-Award division is charged with transaction review, sponsor invoicing, account reconciliation, effort reporting, financial reporting and closeout. Each of the schools within the University which enjoys a substantial volume of research activity has a centralized research administration department. These offices act in concert with OSP to facilitate administrative activities associated with research.

The OSP staff seek to partner with researchers and research administrators by providing support amidst the volume of administrative activity, by expediting sound research contracts and proposal submissions, and by promoting the University of Virginia's research excellence.

Office of Sponsored Programs
Carruthers Hall
PO Box 400195
Charlottesville, VA 22904-4195
434.924.4270
Website: http://www.virginia.edu/~sponpgm/

Responsibilities

In accepting a grant or contract, the University assumes responsibility for fulfilling the program, sponsoring agency, and state requirements. These requirements may be specifically contained in the agreement, or they may be
incorporated by reference to guidelines issued by the sponsor in special publications or directives.

It is essential every effort be made to assure sound management practices and prudent fiscal policies are followed in conducting sponsored programs.

Expenditures incurred under contracts are subject to audit by University central departments, state and federal entities, and sponsors of research projects. Expenditures incurred under grants, as well as management systems employed by the University to administer the programs, such as Oracle, are subject to annual audit by the State Auditor of Public Accounts (APA).

**Responsibilities of the Principal Investigator**

Negotiable instruments and financial transactions representing sponsor financial support for research name the University of Virginia as recipient. The principal investigator is designated by the University to direct the project or program being supported by the grant or contract.

The principal investigator is responsible on behalf of the University for the sound technical, fiscal, and administrative management of the project or program in accordance with both University and sponsor requirements.

Responsibilities of the principal investigator include:

- Ensuring expenditures are made for the intended purpose of the grant/contract and in accordance with sponsor requirements and University policies and procedures.
- Ensuring the budget approved by the sponsor is not exceeded.
- Ensuring necessary approval for budget reallocations has been obtained.
- Ensuring technical reports and other non-fiscal reports are properly submitted to the sponsor on a timely basis.
- Ensuring grant/contract personnel have knowledge of and are in compliance with the University's effort reporting system.
- Obtaining the necessary approvals for restricted expenditures such as equipment and travel.

**Cost Transfers**

All sponsored program charges should be correctly applied to the appropriate Program-Task-Award combination. Cost transfers may be made occasionally to correct errors in cost distribution. Because guidelines on sponsored program
expenditures are restrictive, every effort should be made to promptly identify and correct such errors.

Federal regulations prohibit the shifting of costs between projects for any of the following reasons:
- To meet deficiencies caused by overruns or other fund considerations.
- To avoid restrictions imposed by law or terms of the sponsored agreement.
- For other reasons of convenience.

The University is required to maintain records supporting charges as required by Federal and State regulations. Late, unexplained, or inadequately explained transfers conflict with certifications made at the time of the original charge.

To assure the purpose of untimely retroactive cost transfers is properly documented, a letter to the Assistant Director of Accounting and Compliance in the Office of Sponsored Programs must accompany any retroactive cost transfer which:
- is more than 30 days old if for salaries or wages,
- is more than 60 days old if for other than personnel services.

COST TRANSFERS MORE THAN 120 DAYS OLD WILL NOT BE APPROVED. The written justification will be retained as part of the University audit record in support of the transfer.

**Cost Accounting Standards**

In simplest terms, the federal cost accounting standards, or "CAS", are a series of federal regulations which stipulate how educational institutions administer the financial aspects of grant management. OMB Circular A-21 is the governing federal document which specifies the expectations and restrictions of the cost accounting standards. Sponsored projects which are subject to these CAS guidelines include:
- All federal awards
- All awards that contain any federal "flow-through" money
- Awards where the terms and conditions of the proposal or award documents reference OMB Circular A-21 Cost Accounting Standards
- Any sponsored project whose funds are being used as cost sharing on a CAS covered project. Only the individual cost(s) being used as cost sharing will be subject to CAS
Other pertinent cost accounting concepts include:

Unallowable - these costs under the provisions of any pertinent law, regulation or sponsored agreement, *cannot* be included in prices, cost reimbursements, or settlements of the sponsoring agency. Relevant examples include alcohol and entertainment.

Allowable - these costs, under the provisions of any pertinent law, regulation, and/or sponsored agreement, can be included in prices, cost reimbursements, or settlements of the sponsoring agency. There are two kinds of allowable costs:

**Direct Costs:** Costs incurred to support a project are treated as direct costs and are charged to sponsored projects when the costs can be specifically identified to the goals/objectives of the project with relative ease and with a high degree of accuracy, and are allowed by all terms and conditions governing a particular award.

**Facilities & Administrative (F&A) Costs:** F&A costs are general institutional expenditures that are incurred for common or joint objectives benefiting instruction, research, or public service, and therefore cannot be readily identified with a particular sponsored project. These costs are allocated to sponsored projects in accordance with OMB circulars through the application of the University's federally approved F&A Cost Rate. ["F&A costs" is synonymous with indirect costs or overhead.]

Direct costs must meet each of these criteria:

a) they must be needed to accomplish the approved goals and objectives of the project  
b) they must be prudent (reasonable) given the stated goals and objectives  
c) they must be readily identifiable with the project  
d) they must be charged to the project on a timely basis  
e) they must not be of a personal nature or result in a benefit not normally provided to employees  
f) they must be applied in the same manner in "like circumstances"

Awards not covered under CAS administration are still subject to the requirements listed in the award as well as University and State guidelines. Just because an award is not under CAS administration does not mean expenditures
unrelated to the award can be charged. All expenditures on an award must be reasonable, allocable, and allowable.

Irrespective of CAS applicability, most awards include either audit clauses and/or financial reporting requirements. These clauses allow for the review of supporting documentation for all expenditures. The supporting documentation should validate the relationship between the expenditure and the purpose of the award.

For a complete discussion of the UVa CAS Guidelines, refer to http://www.virginia.edu/~sponpgm/cas.htm.

**Effort Reporting**

Individual Effort Certification Reports represent the University's system for documenting time and effort contributed to sponsored programs, indirect cost activity, and major functions. This system is designed to comply with Federal government requirements as specified in the Office of Management and Budget (OMB) Circular A-21. UVa is required by federal law to confirm the accuracy of payroll charges to sponsored research projects through effort certification reports.

It is the responsibility of department heads to assure that Individual Effort Certification Reports reasonably reflect the percentage of activity applicable to each sponsored program and function.

It is the responsibility of the Office of Sponsored Programs to develop applicable procedures necessary to implement the Individual Effort Certification Report System.

To obtain additional information regarding Effort Report Certification, refer to UVa Procedures at this website: http://www.virginia.edu/~polproc/proc/8-31.html

For professorial and professional staff, the reports are prepared:

- School of Medicine: 2 times annually (by semester - every 6 months)
- Other Schools: 3 times annually (by semester including summer)

For classified staff and graduate students, the reports are prepared quarterly.
OMB Circular A-21 describes Individual Effort Certification Report as follows: Individual Effort Certification Reports reflect the distribution of activity expended by each employee covered by the system.

The reports will reflect an after-the-fact reporting of the percentage of activity of each employee. Charges are completed initially on the basis of estimates made before the services are performed, provided that such charges are adjusted promptly if significant differences are indicated by activity reports. Each report accounts for 100 percent of the employee's effort.

To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, each report will be signed and dated by the employee or by a responsible official having firsthand knowledge of the work performed.

**Expanded Authorities**

Revised OMB Circular A-110, published in the Federal Register of November 29, 1993, permits granting agencies to waive certain "prior approval" restrictions and expand the post-award authority of grantee institutions to: (1) incur pre-award costs, (2) extend an assistance program, and (3) carry forward unobligated balances, unless specifically required by a Federal agency.

A number of federal agencies have implemented these revisions. Subpart C ("Post Award Requirements/Financial and Program Management), section .25 ("Revision of Budget and Program Plans"), of revised OMB A-110, details these expanded authorities. The website for this information is: [http://www.whitehouse.gov/omb/circulars/a110/a110.html#25](http://www.whitehouse.gov/omb/circulars/a110/a110.html#25) Awards made under the Federal Demonstration Partnership (FDP) general terms and conditions encompass these expanded authorities unless stipulated otherwise. Also see: [http://www.fdp3.org](http://www.fdp3.org)

**Contract Negotiations**

The Office of Sponsored Programs is authorized by the University to accept grant and contract agreements on behalf of the University. Faculty intending on entering into research relationships with outside sponsors should contact the Office of Sponsored Programs or their school research administration departments for guidance. OSP is staffed with professionals whose specific mission is to assist investigators in negotiation of research related contracts. No
research related contractual documents should ever be signed or executed by faculty until such documents are first reviewed and approved by OSP contract negotiations staff, in order to protect faculty and ensure adherence with State and Federal regulations.