Post Award Workshop
Feb 17, 2010
Post-Award Workshop
Feb. 17, 2010

- Post Award Updates
- Direct charges to all sponsored programs
- Procedures for checks from agencies
- Subcontracts procedure
- Prior Approval to agencies
- PIAFs and AIAFs Signatures
- Foreign travel on research grants
Cost Accounting Standards (CAS)
PSU FAQ

1. What are the Cost Accounting Standards (CAS) and why do they matter?

The CAS were adopted by the U.S. Government to establish consistency in the way contractors estimate, allocate, accumulate, and report costs against federally funded projects. A key component of the CAS is the requirement that all costs are allocated consistently, either as direct costs or as facilities and administration (F&A) costs.

The importance of this rule is explained in OMB Circular A-21: “Adherence to these cost accounting concepts is necessary to guard against the overcharging of some cost objectives and to prevent double counting. Double counting occurs most commonly when cost items are allocated directly to a cost objective without eliminating like cost items from indirect cost pools which are allocated to that cost objective.” (The applicable CAS 9905.502 is incorporated into A-21, Appendix A.)

Federal audits at other universities have revealed examples of inconsistent cost allocation. Specifically, certain costs (clerical salaries, office supplies, mailing costs, etc.), which are normally considered F&A costs, were charged directly to federal grants and contracts. These audit findings resulted in multi-million dollar fines. If such fines were to be levied at Penn State, they would almost certainly impact the budgets of the units responsible.

2. Are there any exceptions when costs normally charged to F&A can be charged directly to federal funds?

Yes. Exhibit C of A-21 provides examples where direct charging of administrative or clerical staff salaries may be appropriate. Similar justifications can be provided for direct charging other costs normally charged to F&A. In general, routine costs (e.g., office supplies, clerical salaries) can be charged directly to a project when they fulfill the following two requirements:

   a) They are being charged for the sole direct benefit of the project.
   b) They constitute a significantly greater than normal cost.

Non-routine items (e.g., specialized supplies and services) can be charged directly to a project as long the costs are for the sole direct benefit of the project.

3. When is it appropriate to charge administrative or clerical salaries to a project?

If a project only requires a routine level of clerical or administrative support, such support is to be covered by the faculty member’s department, since these costs are recovered via the university’s collection of F&A. The only time clerical and administrative support can be charged directly to a sponsored project is when the level of support needed for a project is significantly greater than the routine level of services provided by the faculty member’s department. For example, if a project involves a very large mail survey, the project may be able to justify charging a portion of a staff assistant’s time to the project if he or she will be involved in preparing, copying, and mailing the survey, and collecting
and collating the results. Major projects (such as multi-institutional research centers) also may require additional administrative support. Projects that involve extensive travel and meeting arrangements, such as conferences, also may require additional administrative support. Other examples "where direct charging of administrative or clerical staff salaries may be appropriate" can be found in OMB Circular A-21, Exhibit C.

In all such cases, it is imperative that a specific budget justification be provided for why clerical and/or administrative salaries are being charged directly to the project.

4. When is it appropriate to charge supplies to a project?

Laboratory supplies (o/c 303) are generally allowable, as long as they are being purchased for use on a specific project (as opposed to being purchased for general use).

Office supplies (o/c 301, 309) are generally not allowable, since the cost of general office supplies are recovered via the university's collection of F&A. The only time office supplies can be charged directly to a sponsored project is when the quantity of office supplies needed for a project is significantly greater than the routine level. For example, if a project involves developing and distributing educational materials throughout the state of Pennsylvania, charging the cost of the curricular materials directly to the project may be justifiable. A large center proposal also may require a greater than routine level of office supplies to conduct its business.

In all such cases, it is imperative that a specific budget justification be provided for why office supplies are being charged directly to the project.

General purpose computer supplies (e.g., toner and inkjet cartridges) are considered office supplies, not laboratory supplies, and therefore should not be charged directly to a project unless specific justification can be provided.

5. When is it appropriate to charge photocopying to a project?

Routine duplication costs should not be direct charged to a sponsored project. Greater than routine duplication costs can be direct charged, e.g., in the case of a large mail survey. In all such cases, it is imperative that a specific budget justification be provided for why duplication costs are being charged directly to the project.

6. When is it appropriate to charge telecommunication charges to a project?

Some telecommunication charges (e.g., long-distance phone charges) can be charged directly to a project, as long as it can be documented that the costs are being incurred for the sole benefit of the project. Routine telecommunications costs (e.g., installation charges, monthly use charges, local access calls, pagers, cell phones, and other communication devices) should not be charged directly to a project, since they are recovered via the university's collection of F&A. Exceptions are possible. If a phone line or special communication device is needed for a project-specific purpose (and will be used only for that project), the associated costs may be charged directly to the project. In all such cases, it is imperative that a specific budget justification be provided for why the telecommunication costs are being charged directly to the project.
7. When is it appropriate to charge mail service charges to a project?

As a general rule, mailing costs, including overnight courier charges, should not be charged directly on federal grants and contracts. There are certain examples when these types of charges may be direct charged. For example, postage may be direct charged if the cost of postage is associated with a survey that is part of the scope of work. Overnight courier charges are typically unallowable as a direct charge unless the cost is significant and warranted by the scope of work. For example, a PSU faculty member working with a collaborator in another state may include several hundred dollars of anticipated Fed Ex charges in the budget if they are required to ship perishable research samples between collaborators during the course of the project. In all such cases, it is imperative that a specific budget justification be provided for why the mail service charges are being charged directly to the project.

8. When is it appropriate to charge memberships and subscriptions to a project?

Memberships and subscriptions should not be charged directly to a project unless they are being purchased for the sole benefit of that specific project. In all such cases, it is imperative that a specific budget justification be provided for why the memberships and/or subscriptions are being charged directly to the project.

9. When is it appropriate to charge general purpose equipment or furniture to a project?

General purpose equipment (e.g., fax machines) and furniture are considered F&A costs and should not be charged directly to a project. Exceptions are possible in unusual circumstances, e.g., in the case of an office being set up in a remote location to perform a special function (such as an office being established on a seagoing research vessel). It is particularly crucial that such exceptions be well documented, since the costs associated with such items can be high.

Many faculty members ask to purchase computers on their sponsored projects. Many computers are general purpose equipment, and therefore should not be charged to sponsored projects. Some projects may require specialized computers such as for high-end computational research. Other projects may require dedicated laptops for fieldwork. But in all such cases, project-specific justification should be provided. If a computer is being charged to a specific project, it should be made clear that that computer will be used for the sole benefit of that project. If a computer will be used for the benefit of more than one project, the cost of the computer should be split among the projects proportional to the benefit each project will receive. Personal use of computers purchased with sponsored funds should be severely limited (as specified in PSU Policy FN14).

Under almost no circumstances should computers or other equipment be charged to a sponsored project during the last six months of the project, since it is unlikely that the project will derive sufficient benefit to justify the cost. Purchases of computers and other equipment should be made as early as possible in the period of performance to avoid being disallowed by auditors.
10. The sponsor has approved our proposal budget, which includes staff assistant time and/or other costs normally associated with F&A. Does that mean that the costs can be charged to the project?

No. PSU is obligated to abide by OMB Circular A-21, regardless of whether the proposal budget was approved. Not all federal grants and contract officers know A-21 as well as they should, so they may approve a budget which includes inappropriate costs—costs which still can be disallowed by a federal auditor if not consistent with A-21.

11. What if a faculty member asks to re-budget funds to purchase an item normally charged to F&A?

Some sponsors require us to request their prior approval before re-budgeting funds. Other sponsors provide the university with broad latitude to re-budget funds to meet the project's objectives, as long as all costs are consistent with the CAS. If PSU is not required to seek a sponsor's prior approval to re-budget funds, then it is not generally necessary to inform the Office of Sponsored Programs (OSP) that the funds are being re-budgeted. Even so, it is still necessary to provide justification for direct charging a cost that is normally considered F&A. Justification should be provided to the Financial Officer at the time the item is ordered, and copies of this justification should be maintained by the department. OSP is happy to provide guidance whenever questions arise regarding the appropriate way of handling a particular case (814-865-1372).

12. Do the above rules apply to non-federal projects as well?

The Cost Accounting Standards apply to all federal and federal flow-through awards. The CAS also apply to any award which formally incorporates the CAS, OMB Circular A-21, or 2 CFR 220.

Non-federal funds are not subject to the CAS (unless they are being used to meet cost-sharing obligations on a federally funded project). Nonetheless, the cost principles identified in A-21 serve as the default rules for all sponsored programs at PSU. Justification should be provided prior to direct charging office supplies, clerical salaries, and any other costs typically paid out of F&A. All of PSU's sponsors have a right to expect that all costs charged to our sponsored programs will be allowable, allocable, and reasonable.

13. If a sponsor does not pay full F&A, is it appropriate to direct charge costs that otherwise would be paid out of F&A?

All federal funds are subject to the CAS, even though some federal sponsors do not pay full F&A. Non-federal funds may not be subject to the CAS, but justification should be provided before direct charging costs normally allocated to F&A. Even if the non-federal sponsor does not require any justification, such justification should be maintained for internal purposes.
14. What is the role of the Office of Sponsored Programs (OSP) in reviewing proposal budgets for CAS compliance?

OSP expects all individuals preparing proposals at PSU to comply with the CAS. OSP should always receive a copy of the detailed proposal budget with the PIAF (even for NIH modular budgets). If OSP identifies a questionable cost, it will contact the college/unit for additional information. If the costs are consistent with the CAS, OSP may require more detailed budget notes to document the justification. If the budgeted costs are inconsistent with the CAS, OSP will ask the college/unit to submit a revised budget. In some cases, these revised budgets may be for internal purposes only (to document that the inappropriate costs have been removed from the budget). In other cases, the sponsor may require prior approval of budget revisions.

ADDITIONAL RESOURCES:

OMB Circular A-21 (2 CFR 220):
http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr220_main_02.tpl

PSU Policy RA01 (Determining the Allowability, Allocability, and Reasonableness of Costs on Sponsored Projects): http://guru.psu.edu/policies/RA01.html

ACKNOWLEDGEMENTS:

This FAQ makes extensive use of a number of excellent resources available on the University of Washington’s financial management website, in particular the following:
http://www.washington.edu/research/gca/ref/cas10_01.html and

Last updated: 9/7/09 (jwh)
The Office of Management and Budget via circular A-21 disallows the direct charging of facilities and administrative type costs on federal grants. However there are certain unique exceptions to this rule allowing for the direct charging of these types of costs in the event the University can justify the charges. Please refer to the Penn State Research Administration Guideline 01 “Implementing Revised OMB Circular A-21” for assistance in determining costs that may be subject to an exception.

Please enter fund number and award amount if request is associated with existing award: $

### A. NON PERSONNEL BUDGET JUSTIFICATION

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Amount</th>
<th>Justification – please detail why item should be direct charged</th>
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### B. ADMINISTRATIVE / CLERICAL JUSTIFICATION

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<td>□ Yes □ No</td>
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Justification:

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<td></td>
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<td>□ Yes □ No</td>
<td>□ Yes □ No</td>
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Justification:

### REQUIRED SIGNATURES

Approval by the University for the above costs does not preclude the federal agency from disallowing these costs in an audit.

Principal Investigator Date

College Review Approval

Debt. Head/Center Director Date

Any disallowances will be the responsibility of the Department or Center.
Penn State is required to comply with the Office of Management and Budget Circular A-21 for all federally sponsored projects (includes federal flow-thru). The Cost Accounting Standards (CAS) states that items that should be paid out of indirect cannot be directly purchased from a sponsored project. However, A-21 in Exhibit C. does provide examples where direct charging of administrative or clerical staff salaries may be appropriate.

Exhibit C. Examples of "major projects" where direct charging of administrative or clerical staff salaries may be appropriate.

Large, complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.

Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).

Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).

Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.

Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples. For instance, the examples would be appropriate when the costs of such activities are incurred in unlike circumstances, i.e., the actual activities charged direct are not the same as the actual activities normally included in the institution's facilities and administrative (F&A) cost pools or, if the same, the indirect activity costs are immaterial in amount. It would be inappropriate to charge the cost of such activities directly to specific sponsored agreements if, in similar circumstances, the costs of performing the same type of activity for other sponsored agreements were included as allocable costs in the institution's F&A cost pools. Application of negotiated predetermined F&A cost rates may also be inappropriate if such activity costs charged directly were not provided for in the allocation base that was used to determine the predetermined F&A cost rates.
All-

At the ACOR Exec committee this week, I shared a proposed revision to the Cost Accounting Exception form which Dave Richardson had shared at earlier meetings. This revised form, which we are calling a Cost Accounting Exception form has been developed by the Cost Policy Review Team. This is our latest iteration – and is still in draft.

This form would be used to document exceptions to the Cost Accounting standards. The first page gives an overview of the purpose of the form, the second page is the form to use for Personnel Costs and the third page is the form for non-Personnel costs.

We would like to receive feedback and comments on this form. Please don’t worry about formatting – our main goal is to make sure we have the data and information needed, and the approvals that make sense. Dave would like to implement the form in early March, but we want to be sure that everyone has a chance to review and comment. Send your comments to me at dmm4@psu.edu.

Please respond by February 22nd if at all possible.

Thanks!
  Debbie

******************************************************************************

Deborah M. Meder  
Assistant Controller, University Financial Officers  
The Pennsylvania State University  
304 James M Elliott Building  
University Park, PA 16802

PHONE: 814-865-1821  
FAX: 814-865-3937  
EMAIL: dmm4@psu.edu  
******************************************************************************
Cost Accounting Justification

To treat costs normally considered indirect as direct cost for a grant or contract

The Office of Management and Budget via circular A-21 disallows the direct charging of facilities and administrative type costs on federal grants. However, there are certain unique exceptions to this rule allowing for the direct charging of these types of costs in the event the University can justify the charges. Please refer to the Penn State Research Administration Guideline 01 “Implementing Revised OMB Circular A-21” for assistance in determining costs that may be subject to an exception.

Facilities and administrative type costs are incorporated into the F&A (Facilities and Administrative) rate charged as an indirect cost to the grant. The types of costs which cannot be direct charged are:

- Administrative and clerical salaries (support personnel): This includes departmental staff who provide support for all departmental operations, including research or contract administration and includes administrative assistants, departmental IT staff and others who provide general support for all operations.

- Non-Personnel Costs
  - General purpose equipment and supplies: This category includes paper, toner, office supplies, as well as printers, laptops, computers and software and related peripherals.
  - Other costs: This category includes, but is not limited to, photocopying, mailing services, telecommunication costs, memberships and group meals. This list is not exhaustive and there may be other non-personnel costs not listed here which would be considered administrative, and therefore would require the exception.

More detail on these expenses is included in the Cost Accounting Standards FAQ. This document should be reviewed before completing this form.

These costs may be permissible as direct charges, but adequate justification regarding the allowability and allocability of the expense must be documented. The justification must provide detail regarding:

- Allowability: A specific justification of how this cost will directly support the research being conducted – the project specific need for this cost as a direct charge to the project.

- Allocability: A specific allocation of this cost to the project – and how it solely benefits the research being done on the grant or contract. If this cost will support multiple grants, this must be indicated with the methodology used to determine how this cost will be appropriately allocated across these multiple grants.

The justification can be prepared at two different times, at the preference of your unit. It can be required at the time of the proposal preparation, or required at the time of purchase (before the cost will be permitted to be charged to the grant or contract). Even if your unit requires the justification at the time of purchase, the proposal should provide detailed justification for including these costs as direct charges to the grant or contract. Generally, if a cost is not included in the proposal, it will not be permitted as a direct cost at the time of purchase.

The appropriate attached form – one for Administrative/Clerical costs and the other for Non-Personnel costs must be completed by the Principal investigator, and approved by those listed. The forms will become part of the official grant/contract file. Please note that approval by the University to treat the cost as direct does not preclude the grant or contract agency from disallowing these costs in an audit.
COST ACCOUNTING JUSTIFICATION
Administrative/Clerical Costs

Principal Investigator: __________________________ Email: __________________________

Award Name: __________________________ Award Period: __________________________

Justification for: _____ Proposal - Enter OSP #: __________________________ (if known)

_____ Expenditure – Enter Account Number: _____________________________________

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<tr>
<th>Employee Name:</th>
<th>Position Title:</th>
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Description:

How does the work this position will do benefit the project (justification)?

Other information:

Total Amount to be Charged to Grant: __________________________ (estimate acceptable)

% of position’s Effort to be Charged to Grant: _________%

Period of time position will be charged: From: _________ To: _________ # of months: _________

Is this position allocated to any other grants or contracts? □ YES □ NO

REQUIRED SIGNATURES

Principal Investigator __________________________ Date: __________________________

Dept. Head/Institute Dir. __________________________ Date: __________________________

Research Administrator or Financial Officer Review

________________________________________ Date: __________________________

Comments:

Associate Dean/VP for Research or Campus DAA

□ Approve □ Deny __________________________ Date: __________________________

Comments:
# COST ACCOUNTING JUSTIFICATION

## Non-Personnel Costs

**Principal Investigator:**

**Email:**

**Award Name:**

**Award Period:**

**Justification for:**

- Proposal - Enter OSP #
- Expenditure – Enter Account Number: (if known)

### Description:

Justification (how does this benefit the project?)

### Other Information:

<table>
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<th>Total Cost: $</th>
<th>Amount to be Allocated to Project: $ or %</th>
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### FINAL APPROVAL – Associate Dean/VP for Research or Campus DAA

- [ ] APPROVE
- [ ] DENY

**Comments:**

### Description:

Justification (how does this benefit the project?)

### Other Information:

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- [ ] APPROVE
- [ ] DENY

**Comments:**

### Description:

Justification (how does this benefit the project?)

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### FINAL APPROVAL – Associate Dean/VP for Research or Campus DAA

- [ ] APPROVE
- [ ] DENY

**Comments:**

---

**Signature of Principal Investigator:**

**Date:**

**Research Administrator or Financial Officer:**

**Date:**

**FINAL APPROVAL:** Indicate approval for each item completed above, then sign below.

**Associate Dean/VP for Research or Campus DAA:**

**Date:**
Policy-RAG04

In the spectrum of types of support that sponsors can provide the University, there are checks that come to the University that may be characterized as *unrestricted grants*. These awards are not identified by the sponsors as specifically being gifts or charitable contributions; however, by the same token, they have no strings attached - no statement of work, no deliverables such as technical reports, no IP terms, etc. In these cases, the University has adopted a "fair share" concept to recover a part of the added costs associated with these research projects. As of July 1, 2003, unrestricted grants have been assessed a 15% management fee to recover a fraction of the facilities and administrative costs associated with conducting the project.

Procedure

It is essential that checks are deposited in a timely manner and reported correctly. To ensure this process is done correctly the College of Health and Human Development will handle *unrestricted grant* checks in the following manner

- The department must bring the stamped check, any backup from the sponsor and the department accountability log (same log used for deposit bags) to the Finance Office in 201 Henderson Building. **Please note all checks must be hand delivered to the Finance Office**

- If the funds have not been designated as a gift, we will automatically take the 15% Management Fee off the check amount and deposit it into a central account #001-69 UP 10010. The remaining 85% will be deposited into the appropriate MGR account.

- If the appropriate backup is received at a later time the 15% management fee can be reversed.

February 16, 2010
1. The Award from PSU's Parent Grant
2. A copy of PSU's Parent Grant showing subcontract dollar amounts
3. A letter needs to have time period, dollar amount, and the above are obtained by the Research Office.
4. Signatures of the subcontract official (usually the subcontractors PI)
5. Budget Justification from the Subcontractor
6. Work Statement (for new subcontract only)
7. Proof of Incorporation if the subcontract is not a University

(3-7 are to be gotten by the Principal Investigator or the department)

What is needed to start the process on subcontracts:
SUBCONTRACT/SUBAWARD REQUEST FORM

Please provide the information requested below and attach the following: Subcontractor’s proposal on prime agency forms (including Cover Page, Statement of Work, Budget, Representations and Certifications and Indirect Cost Rate Agreement). The completed Request, signed by the Principal Investigator; Dean/Consortium Director/Institute Director/CEO; and Financial Officer; should be forwarded to the Office of Sponsored Programs.

1. Request to issue:
   [x] Initial Subaward (SA)/Subcontract (SC)
   [ ] Amendment to Subaward/Subcontract No. ____________________________

2. Penn State University’s Prime Award is a:
   × Grant – Complete items 1 thru 9
   _____ Contract – Complete items 1 thru 10

3. Technical Contact
   Subawardee/Subcontractor
   SA/SC Project Director
   $ SA/SC/Amendment Amount
   SA/SC/Amendment Period of Performance

4. Prime Award Information
   Prime Sponsor
   Prime Award/Contract Number
   $ Prime Cost Ceiling
   Period of Performance
   Budget/Fund Number CFDA Number

Prime Award is awarded under FDP provisions: YES or NO (circle one)

5. Administrative Contact
   SA/SC Address, Email
   Address and Telephone & Fax Numbers:

6. Penn State Project Director
   Address, Email
   Address and Telephone & Fax Numbers

7. Penn State’s Project Title: ________________________________
8. **Other Information**
   a. Provide any information which you feel will be useful to the person preparing the subaward/subcontract, i.e., specific report due dates, unusual reporting requirements, publications, intellectual property, etc., or any specific requirements you wish to have set forth in the document. Carryover any unexpended balance to the new year.

9. **Reporting Requirements (if not checked, reporting requirements will be monthly)**
   - Monthly
   - Quarterly
   - Annually
   - Other

10. **Competition or Sole Source Justification** (Complete Either Section A or B)
   a. **Competition**
      Attach separate sheet which includes the following:
      i. Name and address of each potential subcontractor contacted
      ii. Name and amount proposed by each potential subcontractor responding
      iii. Subcontractor selected
      iv. Reason for selection

   b. **Sole Source Justification**: Provide justification for selection of subcontractor if competitive bids were not solicited.
      - X Joint Proposal, or;
      - Sole Source Justification provided on a separate sheet.

By signing below, I certify that I have read the following statements and certify that they are accurate and truthful to the best of my knowledge and belief:

The project or relationship with this Subawardee/Subcontractor (PI initials) ____ does or does not ____ present a potential for conflict of interest or the appearance of a conflict for investigators so involved have provided a complete disclosure of this matter, as instructed by current University policy and/or Federal regulation.

The Subawardee/Subcontractor's proposed costs have been reviewed and are reasonable for the technical effort proposed.

Funding is available for this subaward/subcontract and is an allowable cost under the terms of the Award.

**Principal Investigator**

**Signature** __________ **Date** __________

Jerome Itinger
Financial Officer or Designated Representative

**Approved:**

**Neil Sharkey**
Dean(s), Consortium/Institute Director, CEO or Designated Representative
Associate Dean for Research and Graduate Education

**Title** __________ **Date** __________

Issued May 1, 2002
Revised July 6, 2007
Revised September 21, 2007
Hi, Donna,

Thanks for asking about the request. Generally this request should be addressed by the University.

As stated in the NIH Grants Policy Statement, "Whenever grantees contemplate rebudgeting or other post-award changes and are uncertain about the need for prior approval, they are strongly encouraged to consult, in advance, with the GMO."

We would follow the information provided in the most current NIHGPS to assess the request.

"The cost principles address four tests that NIH follows in determining the allowability of costs. The tests are as follows:

- *Reasonableness (including necessity).* A cost may be considered reasonable if the nature of the goods or services acquired or applied and the associated dollar amount reflect the action that a prudent person would have taken under the circumstances prevailing when the decision to incur the cost was made. The cost principles elaborate on this concept and address considerations such as whether the cost is of a type generally necessary for the organization’s operations or the grant’s performance, whether the recipient complied with its established organizational policies in incurring the cost or charge, and whether the individuals responsible for the expenditure acted with due prudence in carrying out their responsibilities to the Federal government and the public at large as well as to the organization.

- *Allocability.* A cost is allocable to a specific grant, function, department, or other component, known as a cost objective, if the goods or services involved are chargeable or assignable to that cost objective in accordance with the relative benefits received or other equitable relationship. A cost is allocable to a grant if it is incurred solely in order to advance work under the grant; it benefits both the grant and other work of the institution, including other grant-supported projects; or it is necessary to the overall operation of the organization and is deemed to be assignable, at least in part, to the grant.

- *Consistency.* Grantees must be consistent in assigning costs to cost objectives. Therefore, under NIH grants, although costs may be charged as either direct costs or F&A costs, depending on their identifiable benefit to a particular project or program. They must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding, so as to avoid duplicate charges.

- *Conformance.* This test of allowability—conformance with limitations and exclusions as contained in the terms and conditions of award, including those in the cost principles—varies by the type of activity, the type of recipient, and other characteristics of individual awards. "Allowability of Costs/Activities" provides information common to most NIH grants and, where appropriate, specifies some of the distinctions if there is a different treatment based on the type of grant or grantee. Subpart B of this part contains additional information on allowability of costs for particular types of grants, grantees, and activities.

These four tests apply regardless of whether the particular category of costs is one specified in the cost principles or one governed by other terms and conditions of an award. These tests also apply regardless of...
treatment as a direct cost or an F&A cost. The fact that a proposed cost is awarded as requested by an applicant does not indicate a determination of allowability.". (see

I would recommend that Penn State University review the applicable cost principles A-21, Educational Institutions (05/10/2004), relocated to 2CFR, Part 220. (see http://www.whitehouse.gov/omb/grants_circulars/)

If after review of the above-referenced information, Penn State University would like to proceed with the request to purchase the stated equipment with NIH grant funds, please draft an official letter requesting prior approval for the purchase according to the guidance in the NiHGPS. Please make sure to address where the funds will come from and Penn State’s approval of the request.

Please submit the request to me through the Office of Sponsored Research for review.

Sincerely,

Lawrence Haller
Grants Management Specialist
Office of Grants/Contract Management
National Institute of Nursing Research, NIH
6701 Democracy Blvd, Rm. 710
One Democracy Plaza
Bethesda, MD 20892-4870 (courier use 20817)
Phone: (301) 402-1878
Fax: (301) 451-5652
HALLERL@mail.nih.gov
(Prior Approval Letter to Agency)
(This should be on PI or dept letterhead.)

Date

Name (if NIH-Grants Management Officer)
Address
Email address

RE: Grant #
Dear

Explain what you want.

Sincerely,

(sign)
Principal Investigator

David W. Richardson
Associate VP for Research

(Please scan to Boe or Donna and we will process. We do not need the originals.)
DATE

Office of Sponsored Programs
110 Technology Center Building
University Park, PA 16802

Subject: PIAF OSP#

The purpose of this letter is to inform you that we were unable to obtain all the appropriate signatures within three (3) days for OSP # (PI – Dr. ). We have enclosed the partially completed PIAF. The proposal and completed PIAF will follow as soon as we obtain all necessary signatures.

Please contact me if you have questions. Thank you.

Deb Miller
Pre-Award Assistant
When planning a trip abroad, Penn State travelers sometimes plan on taking information, technology and equipment with them. This information, technology and equipment may be subject to U.S. export control laws. You must ensure that any information that you will discuss or any items that you will take with you are either not controlled, or if controlled, proper licenses are in place. You may be personally liable for violations of export control laws and regulations as a result of your travel (deciding what to take with you) so it is important that you use reasonable care in responding to the following questions:

1. Do you plan to take any information or technology that is controlled?
   - [ ] YES
   - [ ] NO
   
   **Explanation**
   
   In general Export Controlled information means activities, technology and information related to the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, operation, modification, demilitarization, processing or use of controlled items or items with military application.

   If yes, please describe the information or technology:

2. Do you plan to travel to an embargoed destination?
   - [ ] YES
   - [ ] NO
   
   **Explanation**
   
   Certain countries such as the Balkans, Burma, Cuba, Iran, Iraq, Ivory Coast, Libya, Liberia, North Korea, Sudan, Syria, Zimbabwe have specific items which are either permitted or excluded for export purposes. For an updated list of embargoed countries and other restrictions go to: http://www.treasury.gov/offices/enforcement/ofac/programs

   If yes, what country or countries?

3. Are you taking any biological materials?
   - [ ] YES
   - [ ] NO

   If yes, please identify the material:

4. Are you taking any equipment with you? Equipment includes laptop computers and pdas if it contains work involving: foreign national restrictions or publication restrictions or Technology Control Plans (TCPs) or proprietary information or specialized encryption software) includes laptops and pdas
   - [ ] YES
   - [ ] NO

   If yes, please list equipment:

Please forward this form to the CHHD Research Office for review and approval at least 30 days prior to trip commencement. CHHD may contact you to get additional information to complete the export review process. In the event a license is required. The Office of Sponsored Programs will submit application for license to the appropriate government entity. (Once travel is fully approved a copy MUST be attached to your travel report)

I hereby certify that I have read and understand the information provided regarding compliance with Export laws and regulations. I understand that I could be personally liable if I unlawfully disclose export controlled information to foreign nationals without prior approval. I have provided complete information in responding to the questions listed above.

Traveler Signature: ______________________
Date: ______________________

CHHD Research Office Review:
Date: ______________________

If any questions are answered Yes; this form must be forwarded on to the Office of Sponsored Programs for review.

Export Review has been completed: ______________________
Date: ______________________
Projects with a “foreign component”

An OSP export specialist must review projects subject to the following conditions:

When the project involves any interaction with an embargoed country . . . YES
It is illegal to perform any service for an embargoed country (or certain individuals associated with such countries), including Belarus, Burma, Congo, Cuba, Iran, Iraq, Ivory Coast, Liberia, North Korea, Sudan, Syria, Zimbabwe, and the Balkans. A complete list of embargoed countries and applicable sanctions can be found here: http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml

When the sponsor is foreign . . . YES
Submission of deliverables to a foreign sponsor could be considered an export of U.S. technology.

When using a foreign subcontractor or consultant . . . YES
Sharing of research materials with a collaborating institution could be considered an export of U.S. technology.

When shipping anything abroad . . . YES
Even some very basic U.S. software (pre-installed on most computers purchased in the U.S.) is restricted for export.

When traveling abroad to conduct research . . . YES
Some common research equipment, including GPS equipment, is controlled for export.

When traveling abroad to conduct training . . . YES
Training of foreign nationals can be considered a “defense service,” controlled for export.

When traveling abroad to attend a conference . . . NO
There may be controls on an investigator’s personal belongings, such as a laptop, but presenting a paper at a foreign conference is not considered an export, unless the project is classified or subject to access or dissemination restrictions.

When hosting visiting scientists . . . YES
Training of foreign nationals (not enrolled or employed by Penn State) can be considered a “defense service,” controlled for export.

When employing foreign graduate students, research associates, and postdocs . . . NO
Foreign PSU students and foreign PSU employees are permitted to work on research projects, unless the project is classified or subject to access or dissemination restrictions.

Last updated 5/28/09 (jwh) OSP can be contacted at 814-865-1372.