Agenda

- Announcements
- Research Intranet
- Research Administration Advisory Committee
- Rebudgeting
- Closing out Purchase Orders
Research Intranet

- New page added to the research intranet “All Forms”
- Questions that remain:
  - Is the research intranet used by administrators? By PI’s?
  - If not, why?
  - How can we make it more user friendly, easy to find what you need?
Research Administration Advisory Committee

Purpose:
- With constantly changing federal regulations and Partners compliance requirements, we frequently need to revise our own internal policies. We would like the RAAC to advise McL Research Administration on how we can better communicate important information to the research community, and also advise on the need for training or re-training as systems and requirements evolve. Although separate from the DRAW, the Committee will also provide input on suggested agenda items for consideration at future DRAW meetings.

Members:
- A group of ~5 members to include administrators with different experiences (junior, senior), a representative from each research building; at least one PI; a Chair & Co-Chair.
- The members will be selected by McL RA and the appointment is expected to last one year. Upon expiration, the members may be re-elected to stay in the committee.
- If you are interested, please email Raquel at respinosa@partners.org
Rebudgetting
Expanded Authorities

Expanded authorities are the operating authorities provided to grantees under certain research grant mechanisms that waive the normally-required sponsor prior approval for specific actions.
Certain agencies have waived cost-related and other prior-
approval requirements for expenditures and activities. **Granting agencies include NIH, NSF, NASA, DOE, EPA, USDA, ARO, NEH, DoED.**

- No cost extensions are allowed under each of these sponsors without prior approval
- Pre-award costs are allowed under each of these
- Equipment is allowed under each of these without prior approval, except NASA
- Foreign travel is allowed under each of these without prior approval
NIH

- The grantee has certain rebudgeting flexibility within the overall amount budgeted to meet unanticipated needs.
- NIH expects the rate and types of expenditures to be consistent with the approved budget.
- NIH will not issue a revised NOGA to reflect a grantee’s post-award rebudgeting.
- No funds may be rebudgeted to pay for an individual in default of Federal debt and who has a judgment lien filed against them.
- Grants that are excluded from expanded authority include centers, cooperative agreements, Kirschstein-NRSA institutional research training grants, non Fast-Track Phase I SBIR and STTR awards, clinical trials, and awards to individuals.
- Read the terms and conditions
Significant rebudgeting may result in a need for prior approval

Occurs when a single direct cost budget deviates from the commitment by >25% of total costs awarded

The base excludes prior-year carryover balances

The base includes supplements

Don’t hesitate to contact Research Administration!
## Rebudgeting Example

<table>
<thead>
<tr>
<th>Category</th>
<th>Committed Budget</th>
<th>Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,000</td>
<td>$1,988</td>
</tr>
<tr>
<td>Consumables</td>
<td>$800</td>
<td>$0</td>
</tr>
<tr>
<td>Travel</td>
<td>$200</td>
<td>$0</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$500</td>
<td>$512</td>
</tr>
<tr>
<td><strong>Direct Costs</strong></td>
<td><strong>$2,500</strong></td>
<td><strong>$2,500</strong></td>
</tr>
<tr>
<td><strong>Indirect Costs @ 58%</strong></td>
<td><strong>$1,450</strong></td>
<td><strong>$1,450</strong></td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>$3,950</strong></td>
<td><strong>$3,950</strong></td>
</tr>
</tbody>
</table>

- 25% of Total Costs: $988
Direct to/from Indirect

- Under most federal sponsors’ grant policies, an institution has the flexibility to rebudget funds between direct and indirect costs and vice versa.

- HHS, NIH, and NSF policies allow rebudgeting as long as it does not impact the scope of work or the activities being performed.
  - If a change in scope is expected, seek sponsor prior approval.
  - All other sponsors should be reviewed on a grant basis.

- If the actual allowable indirect costs chargeable to a grant is less than those funded by the grant, the grantee may use the difference to pay additional direct costs under the grant.
Most awards require prior written approval by the sponsor for the following purposes:

- Any purpose disapproved or restricted as a condition of the award.
- Change in scope, objectives, or purposes of the approved project.
- Change in key personnel whose expertise is critical to the approved project.
- Decrease in the total amount budgeted for training costs.
- Any rebudgeting of funds in or out of patient care costs; also, any addition of patient care costs if no patient care costs were in the approved budget.
Most awards require prior written approval by the sponsor for the following purposes:
- continuation

- The principal investigator may approve the acquisition of equipment not listed in approved sponsored research award budget, provided the cost of each item is less than $25,000. Any items that cost $25,000 or more necessitate the prior approval of the awarding agency.

- Each Sponsor varies in the degree of rebudgeting authority granted to institutions. This is specified in the award document. If any clarification on rebudgeting is needed, contact Research Administration.
Subcontractors

- Just as with a normal grant, certain rebudgeting actions require prior approval.
- For subgrants and contracts awarded by grantees, the prior approval authority is usually the grantee.
- The grantee may not approve any action or cost which is inconsistent with the purpose or terms of the Federal grant.
- If an action by a subgrantee or contractor will result in a change in the overall grant project or budget requiring granting agency approval, the grantee shall obtain the approval from PHS before giving its approval to the subgrantee or contractor.
Kirschstein-NRSA Awards

- Rebudgeting under the Kirschstein-NRSA awards is extremely limited:
  - Trainee-related expense funds can be rebudgeted without prior approval if awarded in a lump sum.
  - Trainee costs may not be used for other purposes except under unusual circumstances as approved by NIH.
  - Rebudgeting into or within stipend and tuition, fees, and health insurance is allowable.
  - Trainee travel may be rebudgeted without prior approval.
Budget Carryover and Extensions

- For awards using SNAP, funds are automatically carried over to the subsequent budget period.
- If the institution expects an unobligated balance >25%, the grantee must provide a written explanation to NIH.
- For non-SNAP expanded authorities grants, indicate carryover amount on FSR.
- Potentially can carryover funds to future budget periods.
- All terms and conditions continue to apply to no cost extensions.
Salary Cap

- With increases in the NIH salary cap, a PI is allowed to rebudget funds to charge salaries at the new rate.
- Review remaining funding levels.
- No additional funds will be provided to the prior year grant awards.
- The total estimated cost of the contract will not be modified.
A change in an institution’s F&A rate presents unique budgeting challenges.

Regardless of the type of recipient, the negotiated rate(s) in effect at the beginning of the competitive segment will be used to determine the amount budgeted for F&A costs for each year of the competitive segment.

For any grant with a project period starting prior to the establishment of the new F&A rate, the awarded rate should continue to be used throughout the competitive segment.

Grantees may rebudget between direct and F&A costs (in either direction) without NIH prior approval, provided there is no change in the scope of the approved project.
TYPES OF BUDGET REALLOCATIONS

1. Federal Grants Awarded under the Federal Demonstration Project
If the budget reallocation constitutes a change in project scope, permission of the sponsor is required for all FDP agencies. For the NIH, significant rebudgeting means that a single direct cost category changes more than 25 percent of the total award or $250,000, whichever is less.
Most federal agencies have waived cost-related prior approvals and allow an institution to decide minor budget changes under expanded authorities. Under expanded authorities, significant rebudgeting means that a single direct cost category changes more than 25 percent of the total award or $250,000, whichever is less. These expanded authorities are automatically in force for grants that support research, but they do not apply to contracts.

2. Awards from Private Foundations
Each foundation will have its own rules for rebudgeting. Some will allow rebudgeting within categories up to a certain percentage or dollar limit. Some will allow rebudgeting within categories so long as particular categories are not increased. Most will require the written permission of the sponsor outside the stated limits.

3. Contracts
Conform to the specific language of the contract.

PROCEDURES
· Refer to the terms and conditions of the award, the original budget and the sponsor's guidelines to determine if the proposed rebudgeting action is allowable. If under FDP, verify that the rebudgeting does not exceed 25% of the original budget.
· If the proposed budget reallocation is allowable, determine whether it is within the institution's authority or if the permission of the sponsor is required.
· If the proposed budget reallocation requires the permission of the sponsor, the principal investigator must write a letter to the sponsor stating clearly what budget reallocation is proposed and how that reallocation will benefit the project. This letter should be countersigned by McL Research Administration. Select sponsors require institutional approval.
· In all cases, retain the original authorization from the sponsor or the PI's justification for the department grant file. Forward a copy of the sponsor's authorization of PI's request to McL Research Administration for upload in InfoEd which will then show in the Financial Reports (Insight and Document Direct). This will avoid many problems when it is time to close out the grant.
· Verify the revised budget is reflected in Insight and Document Direct.
The Public Health Service (PHS) permits a certain degree of latitude in making post-award programmatic changes and budget revisions. In using this authority, grantees must ensure that they exercise proper stewardship over Federal funds and that all costs charged to the awards are allowable, allocable, and reasonable. Use the chart that follows to identify those transactions that require McLean prior approval and/or those that must be presented to the PHS for authorization.

<table>
<thead>
<tr>
<th>Activity or Expenditure</th>
<th>McL RA Prior Approval Required</th>
<th>PHS Prior Approval Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment purchases exceeding $25,000/unit, regardless of amount of NIH funds involved</td>
<td>YES</td>
<td>NO (Unless change in scope or grant not included under Expanded Authorities)</td>
</tr>
<tr>
<td>Patient Care Costs</td>
<td>YES (incurrence of research patient care costs if not previously approved, rebudgeting into or out of research patient care category)</td>
<td>YES (Changes which may constitute a change in scope and require PHS approval)</td>
</tr>
<tr>
<td>Travel: Domestic</td>
<td>YES (If travel expenses were not included in the approved budget and the amount exceeds $5,000 or travel costs exceed 50% of an approved travel budget) categorical</td>
<td>NO (Unless change in scope or grant not included under Expanded Authorities)</td>
</tr>
<tr>
<td>Travel: Foreign</td>
<td>YES (For each trip when foreign travel is not included in the approved budget)</td>
<td>NO (Unless change in scope or grant not included under Expanded Authorities)</td>
</tr>
<tr>
<td>Alterations and Renovations (rebudgeting into A&amp;R costs exceeding 25% of the total approved budget for a budget period)</td>
<td>YES</td>
<td>Yes</td>
</tr>
<tr>
<td>Pre-award Costs</td>
<td>YES (When pre-award costs are required prior to the start of new/competing awards)</td>
<td>YES (If greater than 90 days prior to start date of new/competing awards)</td>
</tr>
<tr>
<td>No-Cost Extension</td>
<td>YES (One no-cost extension for up to 12 months can be authorized by McL RA 10 days prior to the date of grant expiration or earlier) See internal NCE request</td>
<td>YES (When the request for a NCE is made within 10 days prior to or following the date of grant expiration or requesting a 2nd no-cost extension)</td>
</tr>
<tr>
<td>Change in grantee organization</td>
<td>YES (Notification required prior to the effective date of transfer; expenditures beyond approved budget must be reconciled prior to transfer)</td>
<td>YES (in writing to the Program Officer and Grants Management Official)</td>
</tr>
<tr>
<td>Change in Scope</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Activities restricted as per terms of award</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Transferring amounts from trainee costs</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Capital expenditures (construction, land, or building acquisition)</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Carryover of unobligated balances</td>
<td>NO (Unless greater than 25% of the activities restricted as per terms of award</td>
<td>NO (Unless not under expanded authorities or...</td>
</tr>
<tr>
<td><strong>DEFINITIONS</strong></td>
<td>total approved budget</td>
<td>greater than 25% of the total approved budget</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td><strong>Change in Scope</strong></td>
<td>is a change in the methodology, approach or other aspects of the project objectives.</td>
<td></td>
</tr>
<tr>
<td><strong>Carryover of Unobligated Balances</strong></td>
<td>is the carryover of funds unspent as of the expiration of a budget period. These may be automatically carried over to the next budget year unless greater than 25% of the total amount awarded. The PI must report carryover greater than 25% as part of the Non-Competing application process; PHS will determine necessity to complete the project. Grant mechanisms excluded from automatic carryover of unobligated balances are centers (P50, P60, P30, etc.); cooperative agreements (U’s); National Research Service Awards (T’s, and F’s); and Phase I SBIR &amp; STTR (R43, R41). Please note that unobligated funds at the end of a project period or expiration of the grant can only be carried forward and expended under an authorized no-cost extension period.</td>
<td></td>
</tr>
<tr>
<td><strong>Change in Key Personnel</strong></td>
<td>must be reported to PHS when the PI or other key personnel named in the Notice of Grant Award will withdraw from the project entirely, be absent from the project during any continuous period of 3 months or more, or reduce his/her time devoted to the project by 25 or more percent from the level that was approved at the time of award. NIH must approve any alternate arrangement, including any replacement PI or other key personnel proposed by the grantee. The request for approval of alternate PI/key personnel should include:</td>
<td></td>
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<tr>
<td>- A justification for the change</td>
<td></td>
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<tr>
<td>- Biographical sketch of the individual proposed</td>
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<tr>
<td>- Other sources of support</td>
<td></td>
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<tr>
<td>- Any budget changes resulting from the proposed change</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Program Income</strong></td>
<td>(use of any alternative other than that specified by NIH) See definition</td>
<td></td>
</tr>
<tr>
<td><strong>Subcontracting</strong></td>
<td>Transferring performance of substantive programmatic work to a third party</td>
<td></td>
</tr>
<tr>
<td>NO, unless change in scope or the third party is a foreign organization or component</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NO, unless change in scope or the third party is a foreign organization or component</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Significant Rebudgeting</strong></td>
<td>Significant rebudgeting continues to be an indicator for possible change in scope. Significant rebudgeting occurs when the cumulative amount of transfers among direct cost categories for the current budget period exceeds 25 percent of the total amount awarded or $250,000, whichever is less. When this occurs, the grantee shall consult with the Grants Management Official for a decision as to whether the rebudgeting constitutes a change of scope. If it does constitute a change of scope, prior approval of the awarding component is required.</td>
<td></td>
</tr>
<tr>
<td><strong>No-Cost Extension</strong></td>
<td>is an authorized extension of a project period based on a need to provide continuity of project activities while a competing continuation application is being reviewed or prepared for submission or to permit orderly phaseout of project activities for which there will be no further NIH support. The initial NCE request (typically 12 months) must be submitted to McL RA 60 business days before the project period is scheduled to expire. Should the principal investigator fail to request the extension within this timeframe, a letter requesting authorization to extend the grant should be sent to the Federal Program Officer and Federal Grants Management Officer prior to the grant’s expiration. The PI and McL RA Institutional Officer must endorse the letter.</td>
<td></td>
</tr>
</tbody>
</table>
| **Program Income** | Gross income earned by a grantee that is directly generated by the grant-supported project or...
activity or earned as a result of the award must be applied to achieve the stated goals of the project in the following ways:

- **Additive Alternative**: Added to funds committed to the project or program, and used to further eligible project or program objectives.
- **Deductive Alternative**: Deducted from total project or program allowable costs in determining the net allowable costs on which the Federal share of costs will be based.
- **Combination Alternative**: Under the combination alternative, grantees use all program income up to (and including) $25,000 as specified for the additive alternative and any amount of program income exceeding $25,000 under the deductive alternative.

A) If included under expanded authorities, the Additive Alternative applies. The grantee can apply all added funds committed to the project or program, and used to further eligible project or program objectives, OR

B) If not included under expanded authorities, then use the Combination Alternative, where grantees may use all program income up to (and including) $25,000 as specified for the additive alternative and any amount of program income exceeding $25,000 under the deductive alternative.
Questions?
Contact

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respinosa@mclean.harvard.edu