Preparing for Awards and Managing Contracts
Session Outline

• Sponsor correspondence
• JIT and other preparation prior to award
• Prepare for WBS establishment
• IPAS
• Contracts – who, what, when
• Award process in OSP
Sponsor Correspondence

• After proposal is submitted possibilities for correspondence with sponsor
  – If PI needs to initiate a contact, discuss with Grants Coordinator to determine best approach
  – If asked for more information by sponsor, best to contact your Grants Coordinator before responding
  – Sponsors usually require updated information be approved by an institutional official (someone in OSP)
  – Sponsored Programs must be aware of any changes to a proposal after submission

• If PI is contacted by a Nebraska State Agency
  – PI should notify State of the appropriate Pre-award contact at UNL
Just In Time (JIT)

- Primarily NIH term, but used by other federal agencies
- Strategy to reduce burden on PIs and institutions
- Some transactions delayed until after proposal is reviewed and prior to award
- If proposal scored highly enough, JIT information will be requested – no funding commitments at this point
- Common JIT information can include:
  - IRB/IACUC approvals
  - Updated Other Support information
  - Revised budget
  - Updated biosketch(es)
Preparing for an Award – Compliance

• Discuss with Research Compliance any approvals for humans or animals that may be needed
  – Estimate time needed to obtain them and begin processes, as appropriate

• Discuss with Environmental Health and Safety
  – Biosafety, radiation safety, recombinant DNA and begin processes, as appropriate

• Complete or update Interest Reporting Form (IRF)
  – Questions about form should be directed to Research Compliance
  – Conflicts of interest requiring committee review may take some time to obtain approval – plan ahead

• All above areas have modules in NUgrant
Preparing for an Award – Compliance

• Find contacts for Research Responsibility and Compliance at http://research.unl.edu/orr/staff.shtml

• Find information on Environmental Health and Safety at http://research.unl.edu/orr/ehs.shtml
Institutional Prior Approval to Spend (IPAS)

- Circumstances when use is appropriate
- Form available on OSP’s Forms & Templates web page
- Processing an IPAS within OSP
  - Received by Post-award Specialist who checks if allowable
  - Awards Coordinator verifies if all compliance requirements are approved and checks with Pre-award Coordinator for award status update
  - If allowable and compliance approvals obtained, WBS is established for limited time period
  - Executed award releases full award period and $ funded
Requirements for Official WBS Set-up

• **Project information must be complete and include:**
  – Completed routing form in NUgrant
  – Interest Reporting Form(s) approved
  – Compliance approvals – IRB/IACUC/Biosafety
  – Copy of proposal
  – A budget that agrees with award amount
  – Cost share information, if applicable
  – Subaward Information, if applicable
    • Institutional letter of commitment
    • Subawardee sponsored programs contact information
    • Budget and justification
    • Detailed work statement
Contract Definition

A contract is an agreement, enforceable by law, between two or more competent parties.

For federal contracts, FAR 2.101 defines a contract as a mutually binding legal relationship that obligates the seller to furnish supplies or services and the buyer to pay for them.
Contracts

• Funding may be incremental, tied to set deliverables or schedules
• Final payment (e.g., 10%) may be held until “acceptance” of deliverables
• Federal process governed by Federal Acquisition Regulations (FAR)
Contract Types

Cost-Reimbursement

• Pays allowable costs that are expensed and invoiced
• Contractor must have adequate accounting system to track applicable costs

Fixed Price

• Price-based, not cost-based
• Price defined in contract (by unit or deliverable)
• May be firm or adjustable
Contracts – Cost Reimbursable vs. Fixed Price

• Cost reimbursable contracts paid on regular billing intervals or payment schedule
  – costs incurred will be paid
  – portion can be paid up front and expensed against
  – excess balance usually returned to sponsor

• Fixed-price contracts pay a flat amount whether or not costs are covered
  – any excess balance is often retained

• UNL requires a substantial up front payment on industry contracts regardless of the type (usually 75-100%)
Contracts – Fixed Price Issues

• UNL must fully recover costs in performing services and should not generate profit or be in deficit

• Even if costs are found to be underestimated, UNL must still perform full SOW promised

• If costs are significantly overestimated, residual balances at project end may be subject to UBIT and affect UNL’s tax status

• UBIT is Unrelated Business Income Tax – UNL’s tax status is based on its non-profit related mission (education, research and community outreach)
Contracts – Fixed Price Issues

• Residual balances can violate state or federal regulations on non-profit status, or on cost-accounting standards
• Salaries for staff working on the project need to be charged in proportion to work done
  – If not, UNL may not comply with OMB Circular A-21 effort reporting requirements
• Must track effort through PARs
Contracts – UNL Policy on Residual Balances

When the following is complete:

• Work complete to UNL and sponsor satisfaction
• All reports provided to sponsor and accepted
• All project expenses have been charged to the project’s WBS
• All sponsor payments received
• Residual Balance Transfer Form complete
• Any balances in excess of 25% of awarded amount justified and accepted by OSP
Contracts – UNL Policy on Residual Balances

Then:

• Residual balance will be transferred to cost center provided on Residual Balance Transfer Form
• Funds to be used to continue carrying out UNL’s missing of teaching, research and extension
What is the FAR?

• Federal Acquisitions Regulations
• System of uniform policies and procedures governing acquisition (purchasing) for all federal agencies
• Procedures manual for federal agencies to acquire goods and services, including research
Contracting under the FAR

• Nature of contract determines type
  – Cost-Reimbursement
  – Fixed-Price

• Purpose can be any of following, we often are doing R&D work
  – Construction
  – Research & Development
  – Supply
  – Service
Contracts & OMB Circulars

• OMB A-21 (2 CFR 220) – Cost Principles
  – Incorporated by FAR 31.3, allowable costs

• OMB A-110 (2 CFR 215) – Uniform Admin Requirements
  – Sets standards for grants & cooperative agreements
  – Specific actions not applicable to contracts (i.e. expanded authorities)
  – FAR replaces this circular in contracts

• OMB A-133 – Audit Requirements
  – incorporated by FAR 52.215-02, Alt.II
Major Differences between Contracts & Grants

Contracts
• Often RFP solicitations
• Need for specific service/product
• Schedule technical & expenditure reports and/or other deliverables
• Payment often tied to deliverables
• Numerous special terms and conditions
• Close control on budget
• Usually audited
• Can be cancelled for default

Grants
• Often standard guidelines/proposal kits
• Support for proposed work in general programmatic areas - need to advance knowledge
• Requires technical progress reports
• Payments may be in advance, by schedule, or upon completion
• General terms and conditions
• Flexible budget control
• Some audited
• Almost never cancelled
Awarding process - Contracts

Contracts Manager:

• Is notified a PI is planning to work with an industry sponsor
  – Provides PI or industry sponsor with UNL template agreement
  – Reviews sponsor’s template, if they don’t want to use UNL’s
• Is notified PI is applying for federal funds that will be issued under a contract
  – Reviews contract terms referenced in the RFA or other docs
• Negotiates with the sponsor any necessary changes to the contract
• Obtains institutional signatures
• Ensures a NUgrant routing has been completed for the project & forwards to Awards Coordinator
Awarding process - Grants

Award arrives in OSP and Awards Coordinator:

- Reviews award terms & conditions alongside original proposal documents
  - Verifies routing form complete

- Reviews award budget against proposed budget
  - Verifies any cost share commitments documented

- Verifies subaward documents complete
  - Letter of commitment
  - Contact information
  - Budget and justification
  - Detailed work statement
Awarding process - Grants

- Verifies compliance requirements are met, as necessary
  - IRB approvals obtained
  - IACUC approvals obtained
  - Biosafety approvals obtained
  - IRF(s) are current
- Obtains necessary signatures
- Submits to Post-award for creation of WBS and ongoing financial management
- NUgrant is updated with award information

NOTE: PARs from previous awards must be current and compliance approvals obtained before WBS is established.
Negotiation & Signature Authority

Sponsored Programs has authority for negotiation and acceptance of grants, cooperative agreements and contracts.

Signature authority is delegated by the Board of Regents (http://bf.unl.edu/bfpolicy/SignatureAuthority.pdf)

Note: PIs, deans, chairs and others are not authorized to negotiate or sign agreements or any other sponsored programs document on behalf of the Board of Regents of the University of Nebraska.
Scenario 1

• Dr. Watson submitted a proposal in the fall and has received a good score by the review panel.
• The sponsor notifies him he needs to provide JIT materials.
• The sponsor also asks for a reduced budget.
• What should Dr. Watson do now?
Scenario 2

• Dr. Smith is notified she is receiving an award from the Nebraska Dept of Education (NDE).
• NDE sends her the agreement and asks her to sign and return it.
• They also ask her to attend a meeting in Washington, DC the following week.
• What should she do?
Scenario 3

- Dr. Johnson plans to send a proposal in response to a federal RFP due 3 months from today.
- The RFP contains 3 pages of FAR clauses by reference.
- What steps should she take to appropriately respond to the RFP?
Scenario 4

• OSP receives a fully signed agreement with the PI signing for UNL.
• There is no statement of work or budget included and several of the agreement terms are unacceptable to UNL.
• No internal approvals (NUgrant routing) were obtained prior to receipt of this award.
• What steps were missed and what happens now?
Official Institutional Information

Official Applicant/Recipient Entity:
The Board of Regents of the University of Nebraska for the University of Nebraska-Lincoln

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Ph 402-472-3171
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http://research.unl.edu/sp1
Useful Web sites

**UNL Forms & Templates**
http://research.unl.edu/sp1/unlforms.shtml

**UNL Research Policies & Procedures**
http://research.unl.edu/sp1/researchpolicies.shtml

**OMB Circulars**
http://www.omb.gov/circulars

**CFR**

**FAR**
https://www.acquisition.gov/FAR/ or
http://farsite.hill.af.mil/vffara.htm

**FDP**
http://www.thefdp.org

**CFDA**
http://12.46.245.173/cfda/cfda.html