

Principal Investigator Handbook

The purpose of this handbook is to provide Principal Investigators (PIs) at the lakeside campuses with an overview of common grant related policies and procedures. Please contact the Office of Research Services (ORS) or Sponsored Program Accounting (SPA) for topics not addressed in this handbook.

Advance Account/Preaward Costs

The phrase “preaward costs” has two meanings:

1. *You need to incur costs before the start date of an award.*
[Many federal awards allow expenditures to be charged up to 90 days before the start date of the award. Contact ORS to see if preaward costs in this sense will be allowed.]
2. *You need to incur costs after the start date but before the dually executed agreement has been received by LUC.*

In either case the procedure is the same: complete (or ask your business manager to complete) the Advance Account Authorization Form at <http://www.luc.edu/media/lucedu/finance/pdfs/AdvActFor.pdf>, sign, obtain the signature of the “guarantee account holder” (typically your chair or business manager), and send the form to ORS. ORS will then review/sign the form and forward it to SPA for establishment of an “advance AU” so that you can start working on the grant. The guarantee account will be designated as a default account that will cover all expenses paid in the pre-award period if the grant is NOT awarded within 90-days or at all. The PI is responsible for keeping expenditures to essentials (in no event more than 25% of the full anticipated award) during the period in which Loyola University of Chicago is at risk. Equipment purchases will not be allowed on Advanced Accounting Units.

Monitoring Expenditures

The ultimate responsibility for monitoring expenditures rests with the PI. Business managers will provide assistance upon request. When the grant is awarded and SPA establishes an Accounting Unit (or “AU”), the PI will receive an email with instructions on how to gain access to [WebFOCUS](https://webreports.luc.edu/ibi_apps/bid-login) reports (https://webreports.luc.edu/ibi_apps/bid-login). [WebFOCUS](https://webreports.luc.edu/ibi_apps/bid-login) should be reviewed at least monthly to ensure that expenses are accurate and complete. After the close of each month, summary reports and details of monthly expenditures are sent by SPA directly to the PIs through the WebFocus reporting tool. Business Managers have access to run these reports through WebFocus as well.

Documenting Effort that is Directly Charged

“Directly charged” refers to salaries that are paid by the grant. That amount should be consistent with the approved budget for the grant, the Personnel Action Forms (PAFs) associated with your salary and that of all other personnel on the grant, and the actual amount of work each individual spent on the grant during a given period, expressed as a percent. In addition, SPA is responsible for distributing and collecting the completed Lakeside effort certification forms to comply with the mandated requirements of federal regulations. Each PI on a federal or federal flow-through award will receive an effort certification form for all employees that have been paid from the project. SPA will issue Lakeside Effort Certification Reports three times per year, within 90-120

days after the end of the reporting period. The reporting periods are as follows: June to August – sent by December 31; September to December – sent by April 30; January to May – sent by September 30. PIs must review, sign, and return effort certification reports within three weeks or risk inactivation of their grants. The Effort Certification Policy can be found at:

http://www.luc.edu/media/lucedu/sponsoredprogramaccounting/pdfs/LUC_Effort_Certification_Reporting_Policy.pdf.

Documenting Cost Share and Matching

Any University resources used to accomplish the work on the grant, but not reimbursed by the grant, is considered “cost share.” When such resources are provided by a third party, they are generally known as “matching.” Cost sharing/matching is explicitly required when the terms of the grant so state; cost sharing/matching is implicitly required when the proposal budget promised cost share/matching and that proposal is incorporated in the award by reference. In either case, the University must document that the cost share/matching requirement was met. In most cases, SPA will rely on the PI to provide such required documentation, so it is incumbent on you to keep careful and detailed records of any resources used to accomplish the work on the grant but not reimbursed by the grant. Please see additional Cost Share and Matching guidance at: <http://www.luc.edu/ors/costsharingmatchingfunds.shtml>.

Unallowable Costs

Grant funds must be spent in ways that are consistent with the terms of the award, so you will need to familiarize yourself with the terms of the award. As a general rule of thumb, a cost has to provide benefit to the grant-funded project, be reasonable in amount and kind, be adequately documented, and not be considered unallowable cost by the sponsor or the federal government. Loyola’s Unallowable Cost Policy can be found at:

http://www.luc.edu/media/lucedu/sponsoredprogramaccounting/pdfs/unallowable_cost.pdf. Per the University’s approved Cost Accounting Standards Board Disclosure Statement for Educational Institutions ([DS-2](#)), this policy is applied to all grants regardless of the source of funds.

Financial Conflict of Interest

The University’s financial conflict of interest policy for grants is found at <http://www.luc.edu/ors/conflictsinterestpolicy.shtml>. At the time you submitted the proposal for your grant, you may have been required to complete a financial conflict of interest questionnaire. If anything happens during the life of the grant that would mean a change in what you previously reported, contact the ORS Director.

The Project Budget

The approved grant budget may be found in the PTAP and it also appears in the left-hand column of [WebFOCUS](#) reports for your grant. Contact your Research Administrator if you believe the budget showing in either place is incorrect. See the “Rebudgeting” section if you need to spend grant funds in a way that is different from the approved budget.

Personnel Action Forms

In order to charge faculty and staff salaries to a grant, Personnel Action Forms (PAFs) are used to indicate how much salary is to be charged to the grant AU for a particular employee. Your

business manager will assist in the timely preparation and processing of PAFs. The PAF is located here: http://www.luc.edu/hr/online_forms.shtml. University policy governing “Faculty Salary Charges on Externally Funded Projects” is located here: <http://www.luc.edu/ors/facultysalary.shtml>.

Graduate Research Assistants

Students in the Graduate School in an MA or PhD program, and who have full-time status with a 9 month stipend of at least \$14,000 paid by an external grant/contract, are eligible to receive tuition remission paid by the University up to 18 credit hours. Graduate students who have full-time status with a 12 month stipend of at least \$16,000 paid by an external grant/contract are eligible to receive tuition remission paid by the University up to 21 credit hours. Such tuition costs are partially covered by means of the applicable graduate student fringe benefit rate used in the grant/contract budget (see <http://www.luc.edu/ors/facostrates.shtml>). This rate also partially covers health insurance costs. Once an award is made and an accounting unit is established, a merit award application must be submitted to the Graduate School by the Graduate Program Director for each supported graduate student. For any graduate student with less than full-time status, contact your Research Administrator to determine the applicable fringe benefit rate(s). The tuition and health insurance fringe benefit charges are booked quarterly to the grants and can then be viewed on [WebFOCUS reports](#).

Purchases

Most buying on a grant should be accomplished using Purchase Requisitions and working through the Purchasing Department (see http://www.luc.edu/purchasing/purch_policy.shtml). Note that aggregate purchases of \$5,000 or more require the use of competitive bidding procedures; the Purchasing Checklist and Bid Summary Form (at http://www.luc.edu/media/lucedu/purchasing/pdfs/purchasing_checklist.pdf) is used for this purpose. In certain circumstances, it may be appropriate to use a University-issued credit card (see “Procard” section) or a Payment/Check Requisition (see <http://www.luc.edu/finance/checkreqinstr.shtml>). Forms for these purposes may be found at <http://www.luc.edu/finance/forms.shtml>.

Consulting Agreements

If, in order to accomplish the goals of a grant-funded project, you need outside expert advice, then hiring a consultant would be the normal route, via an agreement generated by ORS. Consultants are independent contractors who do not use the resources of another organization to do the work; if they need to use the resources of the company that employs them, then an agreement with that company would be needed rather than an agreement with the individual. Consultants are usually individuals but in some cases the actual agreement is with a company that employs the consultant even if the consultant is not using any resources of that company to do the work; this is still a consulting agreement because the purpose is to obtain expert advice and not outsource a portion of the scope of work of the grant-funded project. Details on consulting agreements are provided at <http://www.luc.edu/ors/payingindividuals.shtml>, in the section on “Independent Contractors.” Charges for consulting services are 100% included in the base on which any indirect (“F&A”) charges are calculated. Agreements costing \$5,000 or more require competitive bidding or sole source justification. Consultants are also subject to the University’s contract policy at <http://www.luc.edu/purchasing/contractpolicy/index.shtml>.

Subcontracts

If, in order to accomplish the goals of a grant-funded project, you need an outside organization to perform part of the work, then a subcontract with that organization would be the normal route, via an agreement generated by ORS. Often the subcontracted work will be performed by a colleague at another university using that university's resources, in which case the subcontract agreement would be between Loyola and that other institution. If you need a colleague at another institution to provide expert advice on your project and the colleague won't be using the resources of their own institution, then a consulting agreement could be used instead of a subcontract. Only the first \$25,000 of a subcontract is included in the base on which any indirect ("F&A") charges are calculated. You are responsible for ensuring that the work to be done by the subcontractor was actually done and in a satisfactory manner, an activity known as "subrecipient monitoring." The way you will do this is by reviewing and approving requests for payment submitted by the subcontractor (SPA is responsible for processing the payment). Additionally, when Loyola is the prime recipient of a grant award and issues a subcontract to another institution, the co-investigator from that institution will be required to provide an annual progress report to the PI and the department. The report will serve as the official documentation that the work stated has been performed, and it will also support the invoices that are submitted during the course of the funding period. If for any reason the PI wishes to refuse payment such as failure to meet the terms of the subcontract (s)he may do so; however, the PI should notify the subcontractor, ORS, and SPA in the event the invoice is rejected and provide adequate documentation detailing the lack of performance. The full subcontract policy can be found at http://www.luc.edu/media/lucedu/sponsoredprogramaccounting/pdfs/Subcontract_Policy.pdf.

Equipment

Major equipment is defined as tangible, personal property with a useful life of more than one year and an acquisition cost of \$5,000 or more. If you need to purchase major equipment in order to accomplish the goals of a grant-funded project, you would budget this in the "equipment" line of the budget. Minor equipment (i.e., with a useful life of one year or less, or an acquisition cost of less than \$5,000) would be budgeted as supplies.

Equipment over \$25,000 requires a capital budget review in accordance with the Capital Expenditure Policy (<http://www.luc.edu/finance/capexppolicy.shtml>). The form for this purpose is at <http://www.luc.edu/media/lucedu/finance/pdfs/capdb.pdf>.

Generally, the acquisition cost is the net invoice price, which may include necessary accessories, freight, and installation charges. Charges for major equipment are usually 100% excluded from the base on which any indirect ("F&A") charges are calculated (unless the F&A rate is on a "TDC" or total direct cost basis). If the equipment needs to be capitalized, General Accounting will send an asset tag to the contact noted on the invoice. Your unit business manager should then make sure it is tagged and inventoried appropriately. If and when the equipment needs to be disposed of or transferred, complete the Equipment Disposal Form (<http://www.luc.edu/finance/capitalassetmanagementpolicy/>) and forward to General Accounting. Be aware that equipment purchases very late in the grant period require extra scrutiny and justification because a cost needs to benefit the grant against which it is charged.

Travel

Travel—especially foreign travel—is the kind of cost that might need approval *in advance* from the sponsor if it is not already in the approved grant budget; check with your Research Administrator. Generally speaking, travel costs must conform both to the grant terms and to University policy at <http://www.luc.edu/finance/expensepolicy.shtml>. Most federal awards are subject to the Fly America Act, which, with limited exceptions, mandates the use of U.S. flag carriers or code-share carriers for all air travel. All domestic travel and international travel under 8 hours must be economy class without any upgrades such as early check-in, extra legroom seats, travel insurance, etc.

Procards

Policy and procedures for Procards are found at http://www.luc.edu/finance/procard_policy_and_procedure.shtml. Note that you will be expected to keep receipts, review and approve Procard charges online at <https://www.pncactivepay.com/>. For any additional questions or to schedule a brief training session, email ProCard Administration (ProCard-Admin@luc.edu).

Facilities and Administrative (F&A) Costs

F&A costs will be automatically charged on your grant at the close of the month in accordance with the grant terms and budget based on expenses that were incurred on the grant during the month. When there are budget changes in line items between “base” and “non-base” categories, where “base” refers to the base on which the F&A costs are applied the corresponding F&A budget will also need to be adjusted accordingly. For example, if \$5000 in equipment was originally budgeted, but the equipment was not needed and extra supplies were required, the amount that would be available to transfer from equipment to supplies would likely be less than \$5,000 since supplies are subject to the application of the F&A rate while equipment greater than \$5,000 is not.

Invoicing

SPA is responsible for submitting requests for payment to sponsors, when required, and for preparing cash drawdown of funds on federal grants. SPA also follows up on overdue payments.

Using Human Subjects, Laboratory Animals, Hazardous Materials

Before you can use human subjects, laboratory animals, or potentially hazardous biological agents, you *must* receive approval from the relevant review committee (IRB, IACUC, IBC). For extensive information and guidance, go to <http://www.luc.edu/ors/compliance.shtml>. If your research involves use of so-called controlled substances, see <http://www.luc.edu/ors/policyguidance/controlledsubstancespolicyprocedureslakesidecampuses/>.

Rebudgeting

It frequently happens that you need to spend grant money differently from the way the grant was originally budgeted. In some cases, *prior* approval from the sponsor is required *before* such adjustments can be made; check with your Research Administrator *before* making such a change.

Sometimes a rebudget will result in a change in how much you have to spend in direct costs; see the section on “Facilities and Administrative (F&A) Costs.”

Cost Transfers

When you review your monthly [WebFOCUS](#) report for your grant, if you notice any incorrect charges, promptly contact your business manager for assistance with getting this corrected. Per Loyola’s Cost Transfer Policy (<http://www.luc.edu/media/lucedu/sponsoredprogramaccounting/pdfs/Cost%20Transfer%20Policy.pdf>) all transfers must be made within 90 days of the end of the month in which they were posted. Cost transfers must stand the test of being allowable, applicable and reasonable, in order to be deemed as an allowable charge to a sponsored project. Auditors will consider the rationale, nature and timing of a cost transfer in determining whether the transfer passes the tests of reasonableness and allowability.

Amending the Grant Agreement (e.g., changes in time or money)

It may be the case that you approach the end date of the grant period but you have more work to do and enough money left to do it. In that case, a no-cost extension (that is, a change in the end date without additional funds) would be warranted and you would contact your Research Administrator for assistance. Or it may be that you need additional funds within the existing time frame, calling for a request for a supplement. Again, your Research Administrator will help. Other changes in the award terms and conditions almost always require amending the grant agreement, and this is done through your Research Administrator.

Changing/Adding Key Personnel

Key personnel are individuals who make a substantive contribution to accomplishing project goals, and they are usually named either in the proposal or in the grant award. They are not necessarily paid by the grant. Changing or adding key personnel may require prior sponsor approval, so contact your Research Administrator to make sure. You, as the PI, are by definition key to the project, so your absence for an extended period (typically 3 months or more) generally requires sponsor approval.

Reporting

SPA is responsible for submitting all required financial reports. SPA ensures that all financial information that is reported ties to the general ledger, so only expense that has posted to the grant will be reported. If cost share information is needed in addition, the department is responsible for supplying that information to SPA. If a PI is contacted by the sponsor to supply financial information, please forward the request to SPA.

ORS monitors other report requirements through the PTAP system, and you will receive reminders as these become due (or overdue). The PTAP system is set up so that you can (and should) upload copies of reports at the time you submit them to the sponsor. Due to file size, some reports (larger than 4 Mb) might need to be submitted to ORS and uploaded to the PTAP by your Research Administrator. CFR also sends reminders regarding reports due on grants funded by private sponsors. It is crucial that you submit required reports, and on time, because of the risk that a sponsor will cut off funding to the University on all their grants because of overdue reports.

Closeout of the Grant

Six weeks and two weeks prior to the end date of a grant, SPA will send the PI a system generated notification reminding you of the grant ending date. The notification will include the current balance, which should accord with your plan for spending grant funds. Before the final financial report is prepared by SPA, you and/or your business manager will need to verify all charges, submit any payroll forms necessary to stop salary charges, clear any commitments or purchase orders, resolve any overdrafts or unused funds, and submit required non-financial reports (other than those to be submitted by ORS).

Audits

If you are contacted by the sponsor regarding an audit of your grant, contact SPA without delay.

Additional Resources

- [Frequently Asked Questions for Principal Investigators](#)
- [Post Award Process](#)
- [Grant Policies: SPA](#)
- [Grant Policies: ORS](#)