

UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

PRINCIPAL INVESTIGATOR HANDBOOK



I ILLINOIS

[SPA.ILLINOIS.EDU](https://spa.illinois.edu)

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Principal Investigator (PI) Handbook

This Handbook is designed to provide investigators at the University of Illinois at Urbana-Champaign (hereinafter referred to as “University”) guidance on sponsored project related practices, serve as a quick reference to general questions, and identify resources available to help investigators with their responsibilities in regards to sponsored project activities. All proposals requesting funding from an external sponsor must go through Sponsored Programs Administration (SPA), the office on campus with legal authority to submit the proposal on behalf of the Institution.

Sponsors fund projects based on the professional expertise of the Principal Investigators submitting proposals; however, the formal award is made in the name of the Board of Trustees of the University of Illinois. When the award is accepted, the Principal Investigator assumes the responsibility for conducting and completing the technical work and for administering the project according to State and Federal regulations, and policies of the sponsor and the University.

The Handbook has three main goals:

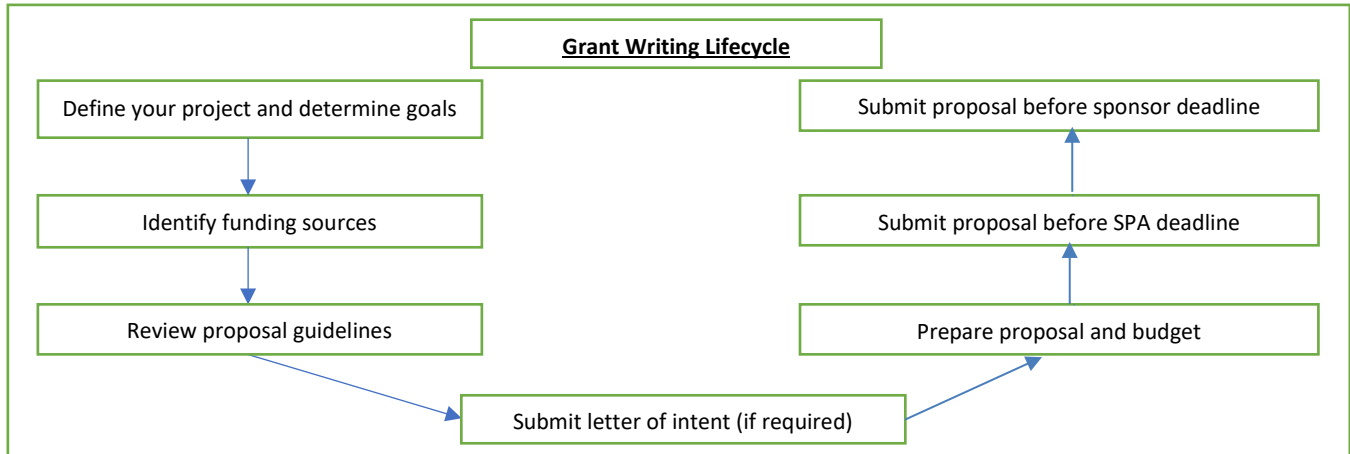
- To provide guidance to Principal Investigators in regards to the development and administration of sponsored projects.
- To inform Principal Investigators of their roles and responsibilities in sponsored project administration and compliance.
- To collect and organize information pertinent to sponsored project administration in a single document and make that information accessible to all interested parties.

For questions or feedback regarding information in the handbook, please contact Sponsored Programs Administration (spa@illinois.edu).

PROPOSAL GRANT WRITING BASICS

The Essentials

Successful grant writing involves the coordination of several activities, including planning, searching for data and resources, writing, packaging a proposal, submitting a proposal to a funder, and follow-up. The diagram below provides an overview of the grant writing process that may aid in proposal development.



Getting Started

1. [Determine your eligibility to serve as a Principal Investigator \(PI\)](#)¹
2. Define your project. Clarify the purpose, define the scope of work, and determine project goals.
3. Identify the right funding sources.
4. Acquire proposal guidelines for information on deadlines, eligibility, proposal format, budgets, award levels, evaluation process and criteria, and other submission requirements.
5. Know the submission deadline and build a timeline allowing time for Sponsored Programs Administration (SPA) review and approval.

Quick Tips

- Start early!
- Contact your department's business office for assistance with budgets, forms, and guidelines interpretation.
- Watch your deadline.
 - To ensure adequate time for review and approval by SPA, the complete and final proposal should be submitted to SPA four (4) business days in advance of the sponsor's deadline.

¹ <http://cam.illinois.edu/xi/xi-4.htm>

FINDING FUNDING

The Essentials

Given the proposal development, review, and selection processes take time, it is strongly recommended that you start your funding search well in advance of when you want the project to begin. At the start, it is important that you are clear about:

- **What** you want to do
- **Why** you want to do it
- **Who** cares about it or its outcomes
- **Where** do you locate funding
- **When** are critical deadlines
- **How** much financial support you need

Getting Started

Thinking about the items above can help you focus your time and efforts on identifying appropriate funding sources and pursuing those opportunities that are most likely to result in an award. To begin, search available online databases and subscribe to internal and external listservs for funding opportunities.

- [Grants.gov](http://www.grants.gov)¹ is the single access point for more than 1,000 grant programs offered by all Federal grant-making agencies.
- [InfoEd/SPIN](https://spin.infoedglobal.com)² database contains over 40,000 funding opportunities from more than 10,000 global sponsors.
- Visit the [Office of the Vice Chancellor for Research and Innovation \(OVCRI\) Find Research Funding](https://research.illinois.edu/resources-research/find-research-funding)³ page for links to sponsor funding alerts and notices.
 - Subscribe to the OVCRI [Research Funding and Opportunities](https://illinois.edu/gm/subscribe/19149)⁴ email list.

Quick Tips

- Sign up for professional society newsletters and publications as they often highlight information about funding opportunities in your field.
- Ask your colleagues, peers, or advisors how their work has been supported.

¹ <http://www.grants.gov/web/grants/search-grants.html>

² <https://spin.infoedglobal.com/Home/Search>

³ <https://research.illinois.edu/resources-research/find-research-funding>

⁴ <https://illinois.edu/gm/subscribe/19149>

PROPOSAL DEVELOPMENT

The Essentials

Most sponsors publish guidelines on how to prepare a proposal. Their application package may include standard forms that require a signature from an authorized official. Sponsor instructions should be followed carefully for content, page limitations, font size, and file names.

Contact your department's business office for assistance with budgets, forms, guideline interpretation, and sponsor system access. The Principal Investigator (PI) is responsible for ensuring the proposal is complete, accurate, and adheres to the applicable sponsor and University policies and guidelines.

Sponsored Programs Administration (SPA) Proposal Submissions section is responsible for reviewing and approving requests for external funding (proposals). Proposals are due to SPA at least four (4) business days in advance of the sponsor's deadline.

Getting Started

Although each sponsor will have its own requirements, there are several elements of a proposal that are fairly standard. A brief description of each element is below.

- **Cover Page:** Usually includes a brief title for the sponsored project, the names of the PI(s) and Co-I(s), the institutional affiliation of the applicant(s), name/address of the granting agency, project dates, amount of funding requested, and signatures of university personnel authorizing the proposal.
- **Abstract/ Summary:** This should explain the key elements of your sponsored project and typically includes: project goals, objectives, and overall approach.
- **Project narrative:** The project narrative should supply all the details of the sponsored project, including a detailed statement of the problem, objectives or goals, hypotheses, methods, procedures, outcomes or deliverables, project evaluation, and dissemination of the results.
- **Budget¹:** The budget is the financial plan for the project. Proposed project costs include allowable direct costs, Facilities and Administrative (F&A) costs, and cost sharing (if applicable). Allowable costs on the sponsored project are those that are necessary, reasonable, allocable, and receive consistent treatment under University and sponsor policy. [Refer to the policy on Treatment of Select Items of Cost for additional guidelines.](#)²
 - The translation of the project's work into a budget requires consideration of two major cost categories:
 - Direct costs are allowable items that can be easily assigned or allocated to a specific sponsored project with a reasonably high degree of accuracy.
 - Examples: personnel (salaries and wages, fringe benefits) and non-personnel components, such as: equipment, travel, participant support, materials and supplies, publication costs, services, consultants, and tuition remission.

¹ <https://sponsoredprograms.illinois.edu/research-topics/proposal-budgeting>

² <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles/treatment-of-select-items-of-cost>

- [Facilities and Administrative](#)² (F&A), also known as indirect costs or overhead, are costs incurred for common or joint objectives in which the benefit is not readily assignable to a specific sponsored project.
 - Examples of F&A costs are general university administration, sponsored projects administration, department administration, and student services administration. Facility expenses include various facility costs such as building and equipment depreciation, interest, operations & maintenance including utilities, library, etc.
 - [View current facilities and administrative \(F&A\) rates](#)³
 - [View the policy on Charging of Facilities and Administrative Costs to Sponsored Projects](#)⁴
- Cost sharing or matching means a portion of project or program costs are borne by an entity other than the sponsor. Cost sharing should only include expenses that are allowable and allocable to the project and incurred during the project period. It is the department's responsibility to provide documentation which supports cost sharing commitments. Documentation and support of cost sharing commitments must accompany the proposal documents submitted to the SPA Proposal Submissions team for review. For more information, [please refer to the Cost Sharing section](#).
- **Budget justification:** A budget justification (Narrative) should be prepared to explain how the budgeted costs including direct, indirect, and cost sharing (when required), relate to the project. The Narrative should provide sufficient detail to allow the sponsor to determine whether the proposed costs are reasonable and appropriate.

Quick Tips

- Start early!
- Be aware of deadlines. Proposals are due to SPA at least four (4) business days in advance of the sponsor's deadline.
- Read the proposal guidelines and the sponsor's policies and procedures, if applicable.
- Work with your department's business office to ensure the administration portions of the proposal follow the sponsor guidelines.
- Use [myProposals](#)⁵ to complete basic proposal information, designate project approvers, and submit your proposal to SPA. Provide the following materials for review:
 - [Budget Template](#)⁶ with the applicable F&A rate
 - Budget Justification
 - Statement of Work
 - Any other materials as required by the Sponsor
 - Proposal Guidelines (or the URL)
- View proposals in-progress, track project approvals, and send approval request notifications using the [myResearch Portal](#)⁷.

² <https://www.obfs.uillinois.edu/government-costing/facilities-administrative/>

³ <https://www.obfs.uillinois.edu/government-costing/rate-schedules/urbana-champaign/>

⁴ <https://research.uillinois.edu/business-policies-guidelines>

⁵ <https://myresearch.uillinois.edu/myProposals/>

⁶ <http://sponsoredprograms.uillinois.edu/forms-templates-and-checklists/templates>

⁷ <https://myresearch.uillinois.edu/myResearchPortal/>

ANTICIPATION ACCOUNTS

The Essentials

In an instance where staff appointments and other expenses need to be incurred prior to agreement execution, an anticipation account may be requested. The use of anticipation accounts is considered best practice to minimize the volume of cost transfers for the sponsored project. However, if the proposal is not funded or if the resulting award has a different effective date, any unallowable costs must be promptly transferred by the unit to departmental funds.

When it can be determined with a high degree of certainty that an award will be made and accepted by the University, units may request that an anticipation account be established prior to incurring costs, at their own risk.

- Most Federal agencies allow pre-award costs for 90 days prior to the formal starting date of a sponsored project, provided that incurring these costs is in the best interest of the project.
- Other agencies do not allow costs to be incurred before the sponsored project start date regardless of when the formal notification of award is received.

Units are responsible for knowing whether pre-award costs are permitted by the sponsoring agency before requesting and/or using an anticipation account.

Getting Started

To request an anticipation account, your department's business office should create and submit a request through the [GC70 System](#)¹. The department's business office should request approval from Sponsored Programs Administration (SPA):

- Prior to award execution:
 - to incur allowable pre-award costs, or
 - if the award is not received before the period of performance begins.
- To continue spending on existing awards if the:
 - award is in overdraft,
 - award continuation is pending, or
 - award no-cost extension is expected.

Please consult with your department's business office to determine your role in the anticipation account request and approval process.

Quick Tips

- Utilize the [job aid](#)² for further guidance on how to request an anticipation account.
- Cautions:
 - Units must have a high degree of certainty about whether and when an award or amendment will be executed.
 - Units must have a contingency plan for covering costs if an award is not received or fully executed.
- For questions, contact the appropriate SPA Award Management section.

¹ <https://apps.obfs.uillinois.edu/GC70/index.cfm>

² <https://www.obfs.uillinois.edu/common/pages/DisplayFile.aspx?itemId=96402>

AWARD NEGOTIATION

The Essentials

A notice of award, sometimes also referred to as an award letter or agreement, is a notification from a sponsor indicating that a proposal has been funded. Notices of award are typically received by Sponsored Programs Administration (SPA), although you or your department may be notified directly. This notification must be submitted and reviewed by an authorized University official at SPA.

The SPA Award Negotiation team is responsible for negotiating terms and conditions of funded awards, as well as various other research related agreements, including incoming material transfers, non-disclosure, and collaboration agreements. This team also has responsibility for issuing agreements to subrecipients (subawards) under the prime awards.

Getting Started

The SPA Award Negotiation team negotiates and accepts a variety of agreements on behalf of the University. An agreement is a legally binding document between two parties that describes the obligations and commitments of those parties. The agreement can be provided by the sponsor or drafted by SPA upon the sponsor's request. The two most common types of agreements are:

- **Grant** – is the least restrictive of contractual mechanisms and is typically issued by Federal sponsors under a 'financial assistance' program. The State of Illinois, Foundations, and non-profit entities may also issue grants. The award supports basic research to benefit the public good and there are typically no expected deliverables beyond reports.
- **Contract** – is issued to support a 'procurement' activity and is the most restrictive of contractual mechanisms. The primary goal is the acquisition of goods and services and the beneficiary is the sponsor. A contract has specific outcomes and deliverables.
- SPA also negotiates the following agreement types:
 - License or Data Use Agreements
 - Incoming Material Transfer Agreements
 - Non-Disclosure/ Confidentiality Agreements
 - Cooperative Agreements
 - Facility Use Agreements
 - Intellectual Property Agreements
 - Technical Testing Agreements
 - Sponsored Research Agreements

The University follows standard practices when negotiating award terms. Some sponsor agreements contain terms which create risk for you or the University. It is SPA's practice to try to remove or edit these terms to align them with University policy. Some of the most important terms are:

- **Indemnification** – The University generally cannot be responsible for actions other than our own and our ability to indemnify is limited by our statutorily authorized self-insurance. Indemnity language which differs from University policy will require negotiation and may delay execution of the agreement.
- **Governing Law and Jurisdiction** – The University takes the position that Illinois law should govern the interpretation of a research agreement, particularly if the research will be performed in Illinois. Governing law of another state may require approval (and assumption of risk) by your department head.

- **Arbitration** – The University typically does not agree to arbitration because it requires the University to surrender its sovereign immunity and the advantages of the Illinois Court of Claims Act.
- **Disclaimer of Warranty** – Warranty provisions cannot be accepted. Warranty language which differs from University policy will require negotiation and may delay execution of the agreement.
- **Publication** – The University must be free to publish research results. Any agreement language that affects your free ability to publish your research results will be negotiated.
- **Confidentiality** – In order to further our mission of research, the University generally tries to limit confidentiality terms. Confidential information should be clearly marked and our obligation to protect that information should be limited. Terms that differ from University policy will need to be negotiated.
- **Insurance** – The University maintains a statutorily authorized self-insurance program and a Certificate of Coverage can be provided upon request.
- **Intellectual Property** – As a general rule, inventions conceived solely by University personnel in performing the research project belongs to the University. Sponsors may receive rights to use the invention for research purposes with an option to negotiate a commercial use license in a defined field of use.
- **Export Control**¹ – The University complies with U.S. export laws and regulations. Prior to accepting any export-controlled data or materials, the University’s Export Compliance Officer, will consult with you to make an informed decision about the University’s acceptance of such data or materials.

Quick Tips

- Faculty and staff are not authorized to sign agreements on behalf of the University.
- Various agreement templates can be found on the [SPA website](#)².
- In some cases, SPA will request that you review the notice of award, paying special attention to:
 - Project and budget period
 - Funding level
 - Scope of work, including deliverables and milestones
 - Sponsor’s reporting requirements
- During SPA review and negotiation of the agreement, we may ask additional questions to better understand the project. For example:
 - Can you provide a brief explanation, in non-technical language, of the project?
 - Do you plan to publish the results of the project?
 - Do you anticipate receiving any confidential or proprietary information from the sponsor?
 - What are the deliverables for this project? In what form?
 - Is this research funded through other sources?

¹ <http://research.illinois.edu/regulatory-compliance-safety/export-control>

² <http://sponsoredprograms.illinois.edu/forms-templates-and-checklists/templates>

NON-DISCLOSURE AND MATERIAL TRANSFER AGREEMENTS

The Essentials

It is common for Principal Investigators (PIs) to be asked to sign a Non-Disclosure Agreement (NDA) before engaging in confidential conversations with an external entity or to sign a Material Transfer Agreement (MTA) before receiving proprietary materials. The appropriate University administrative office identified below must review NDAs and MTAs. PIs are not authorized to sign either an NDA or MTA on behalf of the University. The “fine print” can obligate individuals or the University to terms that may:

- Prevent or delay publication rights;
- Not adequately protect University confidential information;
- Overpromise confidentiality of sponsor information;
- Have an overly burdensome or indefinite confidentiality period;
- Convey ownership or broad rights to use of information or items shared with the other party; or
- Open the University or the individual to increased legal liability.

Getting Started

Principal Investigators visiting a potential sponsor, or hosting a sponsor, may be asked to sign an NDA before there is an exchange of information. If PIs are visiting a potential sponsor or a company in their University capacity, then the University should be a party to the NDA and the NDA must be reviewed and signed by the Comptroller or delegate.

The University has template agreements available on the [SPA website](#)¹ that will expedite the University’s revision and signature process. NDAs should be submitted to Sponsored Programs Administration (SPA) for review and execution. NDAs related to discussion or disclosure of University-owned technologies should be forwarded to the Office of Technology Management (OTM).

If there is no time for an administrative review of an NDA by SPA in advance of the visit or meeting, faculty or staff may sign the NDA, but only in an individual capacity and not on behalf of the University. If a faculty or staff member is acting as an independent consultant, outside his or her University role, the University should not be a party to the NDA.

MTAs are often required prior to the receipt of material or prior to University material being shared with external collaborators. MTAs may have language prohibiting the use of material that could restrict the rights of the University, or your right to publish, so it is important these be submitted to SPA for review. MTAs should be submitted to the following offices on campus:

- SPA (spa@illinois.edu) manages all incoming MTAs requiring no payment or payment solely for shipping costs.
- University Purchasing Division manages all incoming MTAs requiring payment for the materials or preparation of those materials.
- The Office of Technology Management (otm@illinois.edu) manages all outgoing MTAs.

¹ <http://sponsoredprograms.illinois.edu/forms-templates-and-checklists/templates>

Quick Tips

- NDAs and MTAs will always be routed to you as the PI for review, and, at times, for your signature.
- As it relates to MTAs, there may be additional questions asked by SPA. For example:
 - Do you intend to produce progeny, unmodified derivatives, or modifications of the material?
 - Will the material be used in conjunction with other materials from third parties?
 - Will the use of the material relate to any previous or anticipated disclosures of intellectual property?
 - Will there be any other researchers, such as Graduate Research Assistants, using this material?
- As it relates to NDAs, there may be additional questions asked by SPA. For example:
 - Will someone other than the PI have access to the confidential information?
 - Certain NDAs require that you identify other researchers working under your direction who may be in receipt of confidential information. In those cases, SPA will require that a Research Acknowledgement Agreement (RAA) is signed to document their agreement to comply.
 - Are there any compliance considerations (e.g. is the confidential information export controlled, or covered by HIPPA)?

RESEARCH COMPLIANCE

The Essentials

The Office of the Vice Chancellor for Research and Innovation (OVCRI) is responsible for:

- Ensuring University compliance with research-related Federal, State, and local regulations
- Promoting the ethical and responsible conduct of research; and
- Providing assistance and training to Principal Investigators (PIs), staff, and students engaged in research to facilitate regulatory compliance.

Sponsored Programs Administration (SPA) is responsible for ensuring that all compliance requirements (e.g. IRB, IACUC, COI, and FCOI) have been satisfactorily addressed prior to proposal submission and award execution.

It is likely that researchers will interact with multiple compliance units because of the complexity of research projects.

Getting Started

- [Animal Care and Use](#)¹
 - The following campus units share the responsibility for the care and welfare of animals used in research and teaching:
 - [Illinois Institutional Animal Care and Use Committee \(IACUC\)](#)²
 - [Division of Animal Resources \(DAR\)](#)³
 - [Agricultural Animal Care and Use Program \(AACUP\)](#)⁴
 - [Occupational Health and Safety Programs \(OHS\)](#)⁵
- [Conflict of Commitment or Interest \(COI\)](#)⁶
 - All University employees are required to complete a Report of Non-University Activities (RNA), which is submitted electronically through [Start myDisclosures](#)⁷.
 - The OVCRI will help to identify potential conflicts of interest that may require additional management.
 - Certain sponsors like the Public Health Service (PHS) agencies and the National Science Foundation (NSF), have additional financial conflict of interest (FCOI) requirements, focusing on disclosure of significant financial interests or conflicts of interest to protect the objectivity of the research.
- [Export Control](#)⁸
 - Export control refers to the Federal laws and regulations that deal with the distribution of strategically important technology and information to, and certain financial transactions with, foreign nationals in the United States and persons and entities in foreign countries.

¹ <https://research.illinois.edu/regulatory-compliance-safety/animal-care-and-use>

² <https://research.illinois.edu/regulatory-compliance-safety/iacuc>

³ <https://research.illinois.edu/regulatory-compliance-safety/dar>

⁴ <https://research.illinois.edu/regulatory-compliance-safety/aacup>

⁵ <https://research.illinois.edu/regulatory-compliance-safety/ohs>

⁶ <https://research.illinois.edu/regulatory-compliance-safety/conflict-commitment-or-interest>

⁷ <https://myresearch.uillinois.edu/myDisclosures/>

⁸ <https://research.illinois.edu/regulatory-compliance-safety/export-control>

- Federal export control laws impact many activities on campus, including research, purchasing equipment and materials, international travel, hiring, and collaboration with colleagues in other countries. Export control laws may require obtaining special approval from the government prior to engaging in these activities, and in some cases may be prohibited altogether.
- Export Control questions for the Urbana-Champaign campus can be sent to exportcontrols@illinois.edu.
- [Human Subject Use](#)⁹
 - The University has adopted a [statement of policy](#)¹⁰ applicable to all research involving human subjects that is conducted at, or sponsored by the University, or conducted by any University employee or agent.
 - The Office for the Protection of Research Subjects (OPRS) requires all faculty, staff, students, and researchers listed on an Institutional Review Board (IRB) protocol complete IRB training. Completion of the required modules in the [Collaborative Institutional Training Initiative \(CITI\)](#)¹¹ will meet the OPRS training requirement. Initial education is good for three (3) years, after which recertification and continuing education requirements must be met.
 - The PI takes ultimate responsibility for the protection of the rights and welfare of human subjects, the conduct of the study, and the ethical performance of the project.
- [Laboratory and Research Safety](#)¹²
 - Every laboratory at the University is required to have a [Laboratory Safety Plan](#)¹³ and to follow established safety protocols and guidelines. The [Division of Research Safety \(DRS\)](#)¹⁴ provides guidance and information about general laboratory safety and other research-specific programs including:
 - Biological and chemical safety
 - Hazardous material transportation
 - Laser and radiological safety

Quick Tips

- It is important to note that each funding agency may have its own specific training requirements. For links to responsible conduct of research (RCR) trainings or for specific Federal agency RCR training requirements visit the [OVCRl's Research Integrity and Ethics site](#)¹⁵.

⁹ <https://oprs.research.illinois.edu/>

¹⁰ <https://oprs.research.illinois.edu/general-statement-policy>

¹¹ <https://about.citiprogram.org/en/homepage/>

¹² <https://research.illinois.edu/regulatory-compliance-safety/laboratory-research-safety>

¹³ <https://www.drs.illinois.edu/Programs/PlanOverview>

¹⁴ <http://www.drs.illinois.edu/>

¹⁵ <https://research.illinois.edu/regulatory-compliance-safety/research-integrity-and-ethics>

SUBAWARDS

The Essentials

When the University is the recipient of a prime award, the collaborating institutions that are engaged by the University to participate in carrying out a portion of the project's scope of work and then receive funding from the prime award are known as subrecipients. The award the University issues to the subrecipient is referred to as the subaward, and is processed by Sponsored Programs Administration (SPA) following the [University's subaward policy](#)¹.

Prior to submission to SPA, it is critical to identify if the collaborating institution will be identified as a subrecipient or a contractor. SPA utilizes the following definitions:

- **Subrecipient:** an entity that receives a subaward with an expectation that they will be carrying out a portion of a project or program.
- **Contractor:** an entity that receives a contract with the expectation that we are procuring property or services needed to carry out a project or program.

Getting Started

When it has been determined that a subrecipient will be included in a sponsored project, the following subrecipient documentation should be incorporated into the proposal submitted to the funding agency.

- **Scope of Work (SOW):** the who, what, when, why and how the project will be performed by the subrecipient. It should include a statement of the problem, the methods that will be used to conduct the research, and the deliverables/milestones identified for the subaward.
- **Budget and budget justification:** the budget is the financial plan for the subaward. Proposed project costs should include allowable direct costs, facilities and administrative (F&A) costs, and cost sharing (if applicable). A budget justification should explain how the budgeted costs relate to the project. The justification should provide sufficient detail to determine whether the proposed costs are reasonable and appropriate.
 - Administrative approval from the subrecipient organization is needed for the budget and justification. It is also recommended that the University PI confirms the budget matches the proposed work and supports the scope of the project.
- **Letter of intent with authorized signature from the subrecipient:**
 - SPA has a [sample LOI](#)² that can be used as needed.

Upon notification that the prime award has been executed, a request to issue a subaward should be submitted via the [myResearch Portal](#)³ along with the applicable documents listed above. When the request is submitted to SPA, the Award Negotiation team will begin the process of drafting and issuing the subaward agreement to the subrecipient.

¹ <https://sponsoredprograms.illinois.edu/research-topics/subawards>

² <http://sponsoredprograms.illinois.edu/forms-templates-and-checklists/templates>

³ <https://myresearch.uillinois.edu/myResearchPortal/>

After the subaward has been executed, the PI is responsible for monitoring the subrecipient, which includes:

- Verifying that work performed by the subrecipient is conducted in a timely manner and is acceptable.
- Reviewing and comparing subrecipient invoices to established budgets to ensure cost are allowable.
- Certifying/approving all subrecipient invoices and submitting for payment.
- Maintaining regular contact with the subrecipient regarding the technical aspects of the project.
- Ensuring that all deliverables (e.g. technical, equipment, and invention reports) required under the subaward are being provided and reviewed.
- Participating in audits, site visits or other monitoring activities if necessary to review fiscal and programmatic records and/or observe programmatic activities.
- Facilitating closeout, i.e. final technical or programmatic report and final invoice. PIs should not approve final payments until all reports have been received.
- Maintaining documentation to support monitoring activities.

Quick Tips

- You are encouraged to begin gathering as much information as early as possible to save time in the subaward issuance process.
- Funding awarded to a subrecipient is committed until the final invoice is received. Do not spend it if it has been obligated to another entity!
- Set up a timeline for subaward management to prevent stoppages in project workflow.
- If a subrecipient is not performing work as expected, notify the SPA Award Management team as soon as possible.

COST PRINCIPLES

The Essentials

The University has a responsibility to ensure that costs incurred on sponsored projects are compliant with Federal regulations ([Federal Uniform Guidance Title 2 CFR Part 200](#))¹, sponsor policies, award terms and conditions, and University policies.

For a cost to be allowable, it must be:

- Necessary and reasonable,
- Allocable,
- Consistently treated,
- Compliant with any limitations or exclusions set forth in Federal guidance, and
- Adequately documented



Getting Started

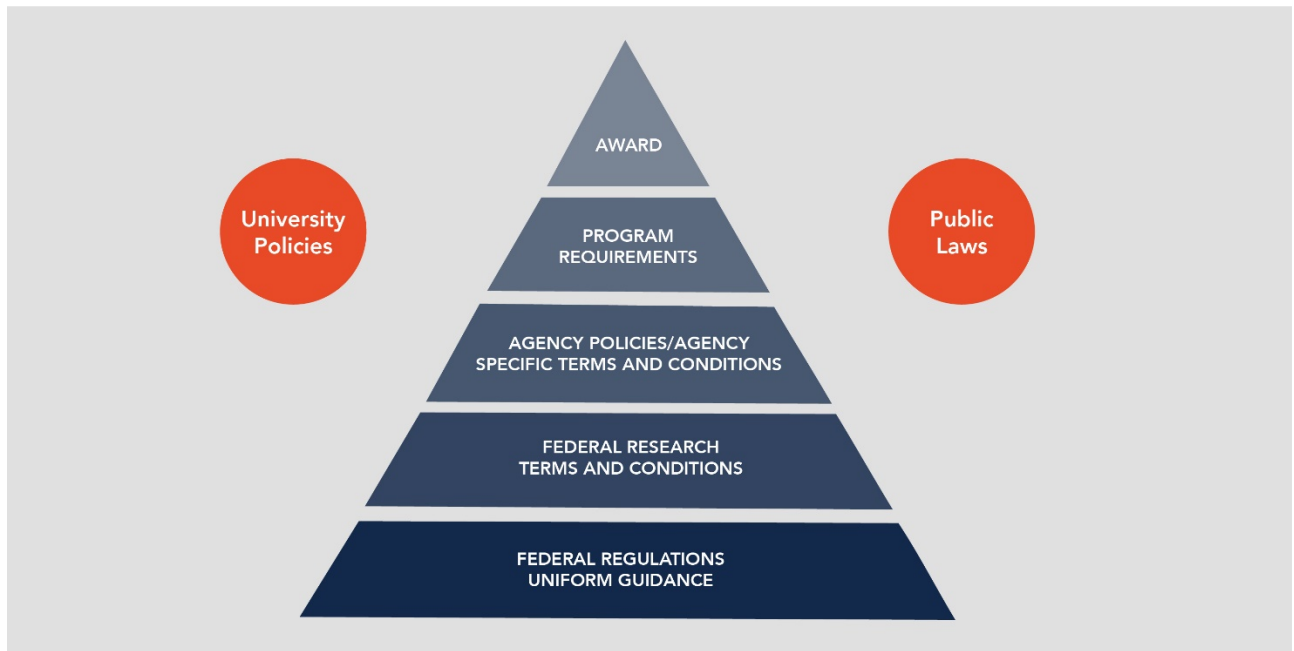
Allowable costs are divided into three types: direct, facilities & administrative (also known as indirect costs or overhead) and restricted costs.

- **Direct Costs** are items that can be easily assigned or allocated to a specific sponsored project with a reasonably high degree of accuracy.
- **Facilities & Administrative (F&A) Costs** are costs incurred for common or joint objectives in which the benefit is not readily assignable to a specific sponsored project.
- **Restricted Costs** are costs that may meet the definition of a direct cost on a sponsored project but are consistently treated by the institution as a facilities & administrative cost.

Unallowable costs are expense items that are not allowable as either a direct charge to sponsored projects or as an F&A cost.

When making determinations about the allowability of costs refer to the pyramid hierarchy in this section. Uniform Guidance provides the overarching general framework for cost allowability and as you progress through the pyramid the next levels may be more specific and restrictive. Costs must also abide by public laws and University policies.

¹ <https://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1>



- The PI has the ultimate responsibility for the oversight and management of the sponsored project.
- It is the obligation of the PI to adhere to all terms and conditions of the award, and to ensure that costs charged to the project are allowable and directly benefit the project.

Quick Tips

- Refer to the University's policy on [Sponsored Project Cost Principles](#)¹ for additional guidance.
 - For questions on specific types of charges, refer to the section on [Treatment of Selected Items of Cost](#)².
 - For additional information also refer to the [Frequently Asked Questions](#)³.

¹ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles>

² <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles/treatment-of-select-items-of-cost>

³ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles/faqs>

PROJECT EXPENDITURES: SPENDING, MONITORING, AND REPORTING

The Essentials

It is the responsibility of the Principal Investigator (PI) to regularly monitor expenditures charged to sponsored project accounts. You should work with your department's business office to reconcile the accounts monthly.

Sponsor and award specific reporting requirements can vary widely. It is important to review and understand sponsor policies, award terms and conditions, and required deliverables including technical and financial reports.

Getting Started

Spending

The timely application of expenses to sponsored project accounts is critical to assist with cash flow, accurate invoices, and financial reports.

PIs should work with their department's business office to request an Anticipation Account if it is necessary to incur allowable pre-award costs or to begin spending during the award period, but prior to the formal execution of the sponsored project. For more information, please refer to the [Anticipation Accounts section of this handbook](#).

Monitoring

PIs are responsible for monitoring the burn rate on their sponsored projects. The burn rate is the percent of a budget that has been spent divided by the percent of time that has elapsed.

PIs are required to sign an after-the-fact confirmation, which includes all direct charges and cost sharing effort commitments for each sponsored project fund through the Semi-Annual Confirmation process. For more information, please refer to the [Semi-Annual Confirmations section of this handbook](#).

Reporting

PIs reporting responsibilities may include:

- **Technical reports** are the responsibility of the PI to complete and submit.
- **Financial reports** are prepared by Sponsored Programs Administration (SPA), often in collaboration with the departmental business office.
- Failure to submit timely reports may result in the sponsor:
 - delaying the payment of invoices,
 - delaying the review and processing of pending proposals, funding increments, and award actions such as no cost extensions and re-budgets.

For example, sponsors have stopped new funding and approval of award modifications to **all** University of Illinois PIs due to the delay in **one** technical report.

Invoices and billings for sponsored projects are prepared and submitted to the sponsor by SPA. All monitoring and follow-up of accounts receivable balances is conducted by SPA.

Quick Tips

- Consult your departmental business office on how best to utilize these resources to monitor sponsored project expenditures.
 - myResearch Portal: <https://myresearch.uillinois.edu/piPortal/>¹
 - My-UI-Financials: <https://myuifinancials.uillinois.edu/myFi>²
 - Enterprise Data Delivery Information Environment (EDDIE):<https://eddie.ds.uillinois.edu/>³
- It is important to track your sponsored project deliverables and fulfill reporting requirements in a timely manner.

¹ <https://myresearch.uillinois.edu/piPortal/>

² <https://myuifinancials.uillinois.edu/myFi>

³ <https://eddie.ds.uillinois.edu/>

SEMI-ANNUAL CONFIRMATIONS

The Essentials

[Federal regulations](#)¹ require the University to confirm that expenditures charged to sponsored projects were incurred properly.

Semi-annual confirmations are used by the University to confirm to the Federal government and other sponsors that all expenditures reported are in accordance with the provisions of the sponsored project's proposal and award documents.

Getting Started

Twice each year, Sponsored Programs Administration (SPA) will notify the Department Head, PI, and Grants Confirmation Contact (GRCC) when the list of sponsored projects requiring confirmation is available online.



The GRCC will initially review the semi-annual confirmation reports and forward them to the PI/Confirmer for review and approval. The confirmed reports are sent to the GRCC for a final administrative review and are ultimately submitted to SPA.

PIs are responsible for assuring that all direct charges and cost sharing effort commitments are necessary, reasonable, allocable, and consistently treated. Failure to complete the semi-annual confirmation by the stated due date may result in adverse consequences to the University and to individual employees who knowingly make improper charges to sponsored projects.

Quick Tips

- [Semi-annual confirmation application](#)²
- For detailed instructions, refer to the [semi-annual confirmation](#)³ job aid.

¹ https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

² <https://apps.obfs.uillinois.edu/CostShare/ind.cfm>

³ <https://www.obfs.uillinois.edu/common/pages/DisplayFile.aspx?itemId=96390>

COST SHARING

The Essentials

Cost share represents project costs (direct and indirect) that could be paid by the sponsor, but are covered by the University or a third party.

The University will normally commit to cost sharing only:

- when required by the sponsor;
- to the extent necessary to meet the specific requirements of the particular solicitation;
- if all cost sharing commitments are included in the proposal budget;
- if the unit executive officer responsible for the committed funds provides approval prior to proposal submission;
- where permitted by University and sponsor policies; and
- where the proposed cost sharing is allocable to and directly benefiting the sponsored project and reasonable and necessary for the performance of the sponsored project.

There are three types of cost sharing:

- **Mandatory Committed:** the sponsor requires as a condition of obtaining an award. It must be quantified in the proposal budget or narrative and will be tracked by the University.
- **Voluntary Committed:** the sponsor does not require as a condition of obtaining an award, but is quantified in the proposal budget or narrative and may be tracked by the University.
 - Note: Some sponsors forbid the use of voluntary committed cost sharing.
- **Voluntary Uncommitted:** the University provides though not required or quantified in the proposal or the award. This does not constitute a binding agreement, is not tracked or reported as cost sharing, is not certified as project effort or costs, and is not included for audit purposes.

Getting Started

Cost share must be comprised of costs that are in direct support of the project and subject to the same allowability criteria as direct costs on the award. If the expense is unallowable as a direct cost, it is unallowable as cost share.

There are four ways the University can meet a cost share commitment.

- **Contributed Effort:** salaries plus benefits paid by the University in support of activities provided to the sponsored project by the Principal Investigator (PI)/faculty member or other academic personnel.
- **Hard Match:** comprised of costs, other than contributed effort, paid by the University that are in direct support of the sponsored project. Examples of hard match include: wages for hourly employees, graduate assistant payroll, equipment, materials and supplies, or other approved direct costs.
- **3rd Party (In-Kind) Match:** the value of non-cash contributions that third parties provide to the sponsored project. Third parties must provide documentation to support the use of the fund as

University cost sharing and a certification of the fair market value of the non-cash contribution provided.

- **Unrecovered Facilities & Administrative (F&A) Costs:** the difference between the federally negotiated F&A rate applicable to the award and the actual F&A rate approved by the sponsor used in assessing indirect costs.
 - Note: Prior approval from the sponsor is required to claim unrecovered F&A as cost share.

PIs should not include cost sharing language or quantifiable cost sharing amounts in a proposal or proposal budget/budget justification, unless the sponsor explicitly requires the cost share.

The procedure for processing all cost sharing commitments requires the following:

- The PI shall include all cost sharing in the proposal budget.
- The PI shall properly identify and document the cost sharing commitment on the appropriate internal proposal approval forms.

PIs are required to certify all Contributed Effort cost share on their sponsored projects through the [Semi-Annual Confirmation](#)¹ process.

Quick Tips

Any cost share contribution must:

- be verifiable from the non-Federal entity's records;
- not be included as contributions for any other Federal award;
- be necessary and reasonable for accomplishment of project or program objectives;
- be allowable under the Cost Principles;
- not be paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs; and,
- be in the approved budget when required by the Federal awarding agency.

Refer to the below policies on cost sharing:

- [Uniform Guidance policy on Cost sharing or matching](#)²
- [University of Illinois, Campus Administrative Manual](#)³
- [University of Illinois, OVCRI, Business Policies & Guidelines, Cost Sharing on Sponsored Projects, including FAQs](#)⁴

¹ <https://www.obfs.uillinois.edu/training/materials/grants/urbana-champaign-campus#online-semi-annual>

² https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#se2.1.200_1306

³ <http://cam.illinois.edu/policies/rp-05/>

⁴ <http://research.illinois.edu/business-policies-guidelines>

COST TRANSFERS

The Essentials

A cost transfer is a reallocation or redistribution of a previously charged expenditure transferred from one University fund to another fund after the charge has been posted in Banner.

It is the policy of the University that costs should be charged to the appropriate sponsored project when first incurred. There are circumstances in which it may be necessary to initiate a cost transfer to reallocate or redistribute expenditures to a sponsored project subsequent to the initial recording of the charge. Sponsored project cost transfers should be initiated promptly and supported by documentation justifying the transfer.

In order for cost transfers to be allowable, the expense must be:

- an **allowable charge to the project** as defined by University policy, sponsor's policy, and the terms and conditions of the award;
- **allocable** as a direct charge to the project and provide a benefit to the project;
- **consistently** treated across like circumstances;
- **reasonable**; and
- **necessary**.

Getting Started

Principal Investigators (PIs) are responsible for managing their sponsored projects to minimize the need for cost transfers. PIs are also responsible for ensuring that when cost transfers are necessary, the costs transferred to (or between) their sponsored projects represent appropriate corrections of errors, and that cost transfers are completed as soon as the errors are identified.

PIs should work with their departmental business office to ensure that sponsored project cost transfers are:

- Initiated promptly and supported by documentation justifying the transfer
- Submitted within 90 calendar days of the original transaction date in Banner to be considered a current cost transfer.
 - a. Non-current cost transfers are those processed more than 90 calendar days after the original transaction date in Banner and require additional documentation (may require completion of a [Form GC81: Cost Transfer Justification for Sponsored Projects¹](#))

Inappropriate cost transfers and inadequate control systems may result in expenditures being disallowed and may also cause the sponsoring agency to impose additional restrictions or to reduce subsequent funding.

Examples include the following:

- Frequent cost transfers,
- Non-current cost transfers, or
- Inadequately documented or insufficiently explained transfers, especially those which involve sponsored projects with overruns or unexpended balances

Quick Tips

- For additional information, refer to the [Frequently Asked Questions](#)².

¹ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-transfers/process-cost-transfers>

² <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-transfers/faqs>

EFFORT AND COMPENSATION ON SPONSORED PROJECTS

The Essentials

As a condition of receiving sponsored projects, the University must assure our sponsors that:

- work on a sponsored project justifies the salary charged to that project; and
- the actual time spent on the project is consistent with what was originally proposed.

Semi-annual confirmations are used by the University to confirm to the Federal government and other sponsors that all expenditures, including salaries, wages, and contributed effort are reported in accordance with the provisions of the sponsored project's proposal and award documents. [Please see the Semi-Annual Confirmation section for additional information.](#)

Getting Started

When preparing a proposal, the Principal Investigator (PI) is expected to include in the proposal narrative and budget a realistic estimate of each faculty or staff member's University effort that it is anticipated will be charged to the sponsored project, either as direct salary or cost sharing. If the proposal is selected for award negotiation, the PI should re-evaluate whether the proposed effort remains reasonable and can actually be provided within the sponsored project period.

If direct salary is charged to one or more sponsored projects, the portion of direct salary must correlate to the actual effort (excluding cost shared effort) expended on each sponsored project and must be charged to the appropriate project during the same appointment period in which the employee performed the work. For example, summer salary may not be charged in exchange for work performed at other times during the academic year.

To conform to Uniform Guidance, we must align payroll records on sponsored projects with the time period in which the work is performed, and apply a consistent definition of base salary when charging salary to sponsored projects. The definition of Institutional Base Salary (IBS) includes academic year salary and academic year professorship stipends, but not administrative stipends. As required by Uniform Guidance, the principles of IBS apply to calculation of summer salary for all employees, regardless of source of funds.

In recognition of the fact that many researchers are required to participate in activities that are not allowable on sponsored projects (e.g. general administrative work, teaching, and teaching preparation), a faculty or staff member shall not devote more than 95% of their University effort to sponsored activities during any given appointment period.

Additional effort considerations:

- PI and research staff salaries that are paid from sponsored projects should correspond to work that they do, during the period that they actually perform the work.
- PIs cannot be paid more than 2.85 months of summer effort on sponsored projects.
- PIs taking a sabbatical must notify the funding agency (in writing) to inform them of the sabbatical or inform them of a substitute PI if they are not remaining active on the sponsored project.

Quick Tips

- To adequately track and document effort on sponsored projects, the PI should be able to answer the following questions:
 - How are the employees on a sponsored project actually spending their time?
 - How do you know?
 - Can you prove it?
- Refer to the below policies on effort and compensation on sponsored projects
 - a. [University of Illinois, Campus Administrative Manual, Effort and Compensation on Sponsored Projects](#)¹
 - b. [University of Illinois, OVCRI, Business Policies & Guidelines, Effort and Compensation](#)²
 - c. [University of Illinois, OVCRI, Regulatory Compliance & Safety, Policy: Effort and Compensation on Sponsored Projects](#)³
 - d. [Office of the Provost, Communication #19: Sabbatical Leaves of Absence](#)⁴

¹ <http://cam.illinois.edu/ix/ix-a/ix-A-32.htm>

² <http://research.illinois.edu/business-policies-guidelines>

³ <http://research.illinois.edu/regulatory-compliance-safety/policy-effort-and-compensation-sponsored-projects>

⁴ <http://provost.illinois.edu/policies/provosts-communications/communication-19-sabbatical-leaves-of-absence/>

ADMINISTRATIVE COSTS

The Essentials

[Uniform Guidance](#)¹ states that the salaries of administrative and clerical staff should normally be treated as Facilities and Administration (F&A) or indirect costs. Salaries associated with routine services such as financial reconciliations, preparing proposals, making routine travel arrangements, and general clerical work should not be budgeted or charged as direct costs, even when there is a direct benefit to the project.

However, direct charging of administrative and clerical salaries and other administrative items may be appropriate when it can be demonstrated that they largely meet Uniform Guidance standards for classifying the expenses as direct costs, (i.e., they can be closely identified with the project and fulfillment of the its objectives). In these cases, the related costs can be allocated to the project based on the proportional benefit as long as they are treated consistently in like circumstances.

Getting Started

To charge administrative and clerical salaries directly to a sponsored project all four of the following conditions must be met:

- Administrative or clerical services are integral* to a sponsored project;
- Individuals involved can be specifically identified with the sponsored project;
- Such costs are explicitly included in the budget and budget justification (by employee name(s) or specific position title(s)) or have the prior written approval of the Federal awarding agency; and
- The costs are not also recovered as indirect costs.

*Integral is defined as essential to the completion of the sponsored project's goals and objectives, rather than necessary for the overall operation of the institution.

Budget Details Required:

Administrative or clerical salaries charged directly to a sponsored project would require explicit narrative in the budget justification to explain the need for support over and above normal support.

Budget Justification Wording:

The budget justification must address all four conditions outlined above and include the following statement for each position: "We are requesting agency approval for a xx% time appointment for an administrative professional to be directly charged as an administrative cost in accordance with 2 CFR 200.413."

¹ https://www.ecfr.gov/cgi-bin/text-idx?SID=9f6c850e45bc2c7ad44ea9cb58ed0715&mc=true&node=se2.1.200_1413&rgn=div8

Exception Request Process:

The completion of a [Form A –Direct Charge Certain Item\(s\) of Cost](#)² is required prior to charging any administrative and/or clerical support to a sponsored project that were not specified in the original budget and justification approved by the sponsor.

Quick Tips

- Refer to the below policies on administrative costs on sponsored projects:
 - [Uniform Guidance §200.413 \(c\) Direct Costs](#)³
 - [University of Illinois, OBFS, Sponsored Projects Cost Principles, Treatment of Select Items of Cost](#)⁴
- Additional guidance can be found at:
 - [Cost Principles FAQs](#)⁵
- Request to charge administrative costs directly to a sponsored project can be done thru:
 - [Form A – Direct Charge Certain Item\(s\) of Costs](#)⁶
- The chart below can help to differentiate duties that are categorized as Administrative vs. Programmatic. Administrative duties would require an additional approval if they meet the four criteria and are specifically requested. Programmatic duties being charged directly to a sponsored project would not require additional approval.

Programmatic Activities (direct costs, no prior approval needed)	Administrative or Clerical Activities (normally indirect costs, unless prior approval obtained)
Activities contributing and directly related to work under an agreement, such as: <ul style="list-style-type: none"> • Delivering special lectures about specific aspects of the ongoing activity, • Writing report and articles, • Developing and maintaining protocols (human, animals, etc.), • Managing substances/ chemicals, • Managing and securing project-specific data, • Coordinating research subjects, • Participating in appropriate seminars, • Consulting with colleagues and graduate students, and • Attending meetings and conferences. 	If the four conditions (see Getting Started section) are met, activities that support the project that may be allowable as direct charges might include: <ul style="list-style-type: none"> • Travel and meeting arrangements • Travel reimbursements • Purchasing activities • Financial tracking and management • Data processing • Payroll • Human resources

² <http://sponsoredprograms.illinois.edu/guidance/forms>

³ https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#se2.1.200_1413

⁴ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles/treatment-of-select-items-of-cost>

⁵ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles/faqs>

⁶ <http://sponsoredprograms.illinois.edu/guidance/forms>

EQUIPMENT

The Essentials

The University inventories all property and equipment that, in general, has a useful life of more than one year and a unit value equal to or greater than \$1,000.

Capital equipment is defined as a piece of equipment (or the fabrication of a piece of equipment) with (a) useful life of one year or more and (b) an acquisition cost of \$5,000 or more.

General purpose equipment means equipment which is not limited to research, medical, scientific or other technical activities. General purpose equipment is not normally allowed as a direct charge on sponsored projects unless the equipment is primarily or exclusively used in the actual conduct of the project and with prior written sponsor approval.

- Examples: office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

Special purpose equipment means equipment that is used only for research, medical, scientific, or other technical activities. Special purpose equipment may be allowable as a direct cost provided that items with a unit cost of \$5,000 or more have the prior approval of the awarding sponsor.

- Examples: microscopes, x-ray machines, surgical instruments, and spectrometers.

Fabricated equipment is an item fabricated or made within the University for which the total cost of component parts and materials/ supplies (not labor) is \$1,000 or more, costs are documented and accounted for by the unit, and item otherwise satisfies the University's definition of equipment.

Per [Uniform Guidance](#)¹, in the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a sponsored project.

Getting Started

Intended equipment purchases and fabrications should be included in sponsored project budget and budget justification. The terms and conditions of the sponsored project will dictate the allowability of equipment charges. Prior sponsor approval may be required.

If a piece of equipment is purchased to support multiple projects, or to support both sponsored and unsponsored activity, be sure to adequately document the allocation of the cost. This documentation may be requested by Sponsored Programs Administration (SPA).

Title to equipment purchased with sponsored project funds generally vests in the University, unless otherwise stated in the sponsored project agreement. If a Federal sponsor retains title to the equipment, it must be solely funded by the awarding Federal sponsor. Partial funding from University

¹ https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#se2.1.200_1313

accounts is permitted if title to the equipment vests in the University without further obligation to the sponsor.

Quick Tips

- Equipment purchased during the last six months of a project may be subject to additional scrutiny and approval.
- Communicate with your departmental business office when the fabrication of equipment is complete.
- Prior to [transferring](#)² or [loaning](#)³ equipment to another entity, Principal Investigators (PIs) are required to complete the related forms to ensure that the equipment is appropriately tracked and accounted for.
- Refer to the below policies on equipment
 - [University of Illinois, OBFS, Equipment Management](#)⁴
 - [University of Illinois, OBFS, Equipment, Equipment Leases, and Expendable Supplies](#)⁵
 - [University of Illinois, OBFS, Property Accounting](#)⁶
 - [Uniform Guidance policy on Equipment](#)⁷

² <https://www.obfs.uillinois.edu/bfpp/section-12-property-accounting/transfers-sponsored-equipment-another-university>

³ <https://www.obfs.uillinois.edu/bfpp/section-12-property-accounting/loan-equipment-to-another-institution>

⁴ <https://www.obfs.uillinois.edu/equipment-management/>

⁵ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/section-16-1-4>

⁶ <https://www.obfs.uillinois.edu/bfpp/section-12-property-accounting/loan-equipment-to-another-institution>

⁷ <https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5>

TRAVEL

The Essentials

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees and non-employees who are in travel status on official business of the University.

Getting Started

Principal Investigators (PIs) should include all expected travel expenses in the proposal budget and budget justification. Distinguishing and separating costs for domestic versus international travel is encouraged and may be required by the sponsor.

Travel must have a legitimate business purpose and meet all of the elements of allowability (i.e. necessary/reasonable, allocable, consistently treated, and not specifically disallowed by the sponsor or program).

Employees must travel by the most direct route and use the most economical mode of transportation available considering travel time, costs, and work requirements. For Federal or Federal pass-thru funded sponsored projects, air transportation to, from, between, or within a country other than the United States must be by a US flag air carrier if such service is available. Refer to the [Fly America Act](#)¹¹.

Meals while in travel status may be reimbursed by per diem only. The actual cost of meals purchased is not reimbursable. Employees cannot receive per diem for same day travel.

Examples of typically allowable and unallowable travel expenses are detailed in the chart below.

<i>Typically Allowable Travel Expenses</i>	<i>Typically Unallowable Travel Expenses</i>
Economy / Coach Airfare	First Class / Business Class Airfare
Travel Agent & Airline Baggage Fees	Upgrades & Ticket Change Fees for Personal Convenience
Car Rental, including gas	Optional Damage Waiver for Domestic Travel
Mileage for Personal Vehicles	Parking Tickets or Traffic Fines
Ground Transit – shuttle/train/taxi/bus fares	Rental Car for Personal Use
Lodging	Late Check-out, Room Guarantee & No-show Hotel Fees, Entertainment – movies/sightseeing tours/mini-bar charges/meals
Conference Registration Fees	Late Registration or Cancellation Fees
Per Diem	Actual Cost of Meals Purchases
Tolls, Parking & Reasonable Tips	Hotel / In-Flight Internet Access
Short-term Travel Visas	Passports & Immigration Visas

If project staff are paid 100% on one sponsored project, their travel should not be reimbursed on another sponsored project.

Documentation must be maintained for all expenses incurred while in travel status on a sponsored project.

¹ <https://www.gsa.gov/policy-regulations/policy/travel-management-policy/fly-america-act>

Quick Tips

- Travelers who interrupt their business travel or deviate from the direct route for personal convenience or leave are reimbursed only at the rate for uninterrupted travel by the most direct route.
- All expenses associated with personal travel must be paid by the employee.
- Refer to the below policies on travel:
 - [Uniform Guidance policy on travel costs](#)²
 - [University of Illinois, OBFS, Travel](#)³
 - i. [Travel Reimbursement and Per Diem](#)⁴
 - [University of Illinois, OBFS, Business Travel](#)⁵

² https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#se2.1.200_1474

³ <https://www.obfs.uillinois.edu/bfpp/section-15-travel/>

⁴ <https://www.obfs.uillinois.edu/bfpp/section-15-travel/travel-reimbursement-and-per-diem>

⁵ <https://www.obfs.uillinois.edu/travel/>

PROGRAM INCOME

The Essentials

Program income is gross income earned by the University that is directly generated by a supported activity or earned as a result of the sponsored project during the period of performance.

Examples of program income are:

- Sponsored conference registration fees & sponsorships
- Sponsor funded equipment usage fees
- Revenue generated from the sales of commodities, research materials, or services produced with sponsored project funds
- Insurance payments for patients in a sponsored study

The University is required to identify, document, and report program income generated on sponsored projects in accordance with Uniform Guidance, awarding agency regulations, and terms and conditions of the sponsored project.

All program income must meet the following core principles:

- The program income must be used for the purposes of the sponsored project.
- The program income must be used only for allowable costs in accordance with the applicable cost principles and the terms and conditions of the sponsored project.
- The program income must be used for current costs unless the awarding agency authorizes otherwise.
- Expenses will be assessed indirect costs at the same facilities & administrative (F&A) rate as the associated sponsored project.
- The program income may be used to fulfill a cost sharing or matching requirement with prior approval of the awarding agency.

Getting Started

Follow these guidelines to identify, account for, treat, and report program income.

- Identify and Communicate Program Income at the Proposal Stage
 - The Principal Investigator (PI) is responsible for identifying whether any program income will be generated during the project period, developing the plan for using the program income, and completing the proposal based on funding agency guidelines.
- Account for Program Income and Expenses
 - The University will account for program income in a secondary sponsored project fund associated with the grant code established for the sponsored project. Both the program income revenue and related expenses must be recorded to the program income fund with the intent of utilizing the income by the end date of the sponsored project. If unexpended program income remains at the end of the award, disposition of the funds must follow awarding agency guidelines.

- Notify Sponsored Programs Administration (SPA) if unanticipated program income is identified and/or received during the project.
- Treat Program Income
 - Program income generated with funds from a sponsored project and earned during the project period will be used to support the sponsored project which produced the income.
- Report Program Income
 - When required to report program income, the University must do so in accordance with the terms and conditions of the sponsored project. SPA will work with the PI and departmental business office to complete and submit reports in a timely manner.

Regardless of the method that is applied, program income may be used only for allowable costs in accordance with the applicable cost principles and the terms and conditions of the award. The different methods for the treatment of program income are:

- **Addition method:** program income is added to funds committed to the program and used to further program objectives.
 - Example: The initial project budget was \$100,000. \$10,000 of program income is generated. The total project costs are now \$110,000.
- **Deduction method:** program income is deducted from total allowable costs of the program to determine the net allowable costs.
 - Example: The initial project budget was \$100,000. \$10,000 of program income is generated. The adjusted project budget amount from the awarding agency is reduced to \$90,000 after gross program income is taken into account. Total project costs remain at \$100,000.

Quick Tips

- Income generated after the project period ends is not program income.
- Refer to the below policies on program income:
 - a. [Uniform Guidance policy on program income](#)¹
 - b. [University of Illinois, OBFS, Sponsored Projects Program Income](#)²

¹ https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#se2.1.200_1307

² <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/program-income>

SPONSORED PROJECT CLOSEOUT

The Essentials

The University has a responsibility to close out completed sponsored projects in compliance with Federal regulations, sponsor policy, and award terms and conditions. [University policy](#)¹ on sponsored project closeout applies to all awards regardless of the funding source.

[Uniform Guidance](#)² requires that final financial, progress, technical, and other reports be submitted within 90 calendar days after the project end date. If sponsor policy or specific award terms and conditions prescribe otherwise, such policy or terms and conditions shall prevail.

Non-compliance with sponsored project closeout requirements has adverse consequences for the University including, but not limited to, forfeiture of final payment, delayed or reduced future funding, less favorable award terms and conditions, and audit finding risks.

Getting Started

Sponsored project closeout is the shared responsibility of the Principal Investigator (PI), the departmental business office, and Sponsored Programs Administration (SPA).

Monthly review and reconciliation throughout the life of the sponsored project facilitates the project closeout within the required timeframe.

During the period of performance of the sponsored project, the PI is responsible for:

- Reviewing monthly accounting statements to ensure that all expenses charged are allowable. With the assistance of the departmental business office, the PI should request timely corrections for any cost deemed unallowable for any reason, including posting errors.
- Monitoring that all required cost share is accurately tracked and reported.

Before the sponsored project ends, the PI is responsible for:

- Ensuring that all appropriate charges have posted to the project.
- Determining whether the project will end with an unexpended balance, and reviewing terms and conditions of the award regarding treatment of such a balance.
- Informing the departmental business office and SPA if the project is going to be extended or continued.

After the sponsored project ends, the PI is responsible for:

- Reviewing and ensuring that all charges posted to the project are allowable.
- Confirming that all subrecipients have completed their scope of work, including all required deliverables, and submitted their final billing according to the terms of the subaward.
- Preparing and submitting the final technical report and/or deliverables to the sponsor.

¹ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/sponsored-project-closeout>

² https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#se2.1.200_1343

- Working with the departmental business office and SPA to submit any required reports such as:
 - a. Final Cost Sharing Certification
 - b. Property Report
 - c. Final Technical/Progress/Programmatic Report
 - d. Final Invention Statement
 - e. Final Patent Certification

Quick Tips

- Timely closeout helps ensure on-time submission of accurate final invoices and financial reports and avoids a “rush” at the end of the project.
- Financial information is located in the [myResearch Portal](#)³ (current as of previous business day).
- Refer to the below policies on sponsored project closeout:
 - a. [Uniform Guidance policy on Closeout](#)⁴
 - b. [University of Illinois, OBFS, Sponsored Projects Closeout Policy](#)⁵
 - c. Requirements and considerations for closing out fixed price agreements are subject to the Fixed Price Agreement policy: Urbana - [Section 16.1.5 - Sponsored Projects Administration](#)⁶ (see Special Provisions for Closing Fixed Price Contracts section).

³ <https://myresearch.uillinois.edu/myResearchPortal/>

⁴ https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#se2.1.200_1343

⁵ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/sponsored-project-closeout>

⁶ <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/section-16-1-5#06>