SPONSORED PROJECT CHANGES

Transcript of the Online Course

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This transcript is current as of 5-5-14.

Any updates made to the online course after 5-5-14 are not reflected in this transcript. To check for a more recent version of this transcript, you must access the online course (via your transcript in ULearn) and check the date provided next to the transcript link on the course’s home page.

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Course Overview

About
This course provides participants with the information and resources needed to recognize and appropriately communicate a request for different types of sponsored project changes, including re-budgeting and no-cost extensions.

Audience
This course is intended for departmental accountants, department administrators, principal investigators, and grant administrators.

Prerequisites
The pre-requisite courses are Sponsored Projects Overview and Research Compliance.

Time
This course will take approximately 45 minutes.

Transcript
Download printable course transcript (PDF)
Objectives

Upon completion of this course, participants will be able to:

- Recognize the types of project changes.
- Determine the needed communication with the Grant Administrator and other resources as appropriate.
- Identify approved project changes as documented in the Notice of Grant Award.
**Sponsored Project Life Cycle**

**Proposal**
The first phase in the life cycle of a sponsored project is called the proposal phase. During this phase, the principal investigator (PI)/department locates a potential funding source and completes a proposal. The University’s Sponsored Projects Administration (SPA) reviews and submits the proposal to the sponsor.

**Award**
Proposals that receive sponsor funding continue to the award phase. Agencies may continue to modify awards during the lifecycle.

**Project Management**
The project management phase is represented by the documented start and end dates of the award and is typically the period of time in which the project is conducted and spending occurs on the project. This is the phase in which most project changes can occur.

**Closeout**
Closeout is the phase when the award has reached its end date, spending has ceased, final reports are prepared and submitted, and the award is closed out in University systems.
Federal Regulations reflected in Sponsor Guidelines

The sponsor guidelines which govern an award are specific to the sponsor and are at the same time in alignment with federal regulations. Those federal regulations, known as OMB circulars A21, A-110, and A-133, are incorporated into guidelines used by sponsors.

The University Notice of Grant Award (NOGA) report includes a summary of the sponsor guidelines, which have their foundation in the federal regulations. Throughout this course we will be referring to the award terms and conditions which are included in the NOGA.

http://www.whitehouse.gov/omb/circulars_index-education
The Notice of Grant Award (NOGA)

The Notice of Grant Award NOGA is a cumulative report that is run from the Grants module of the financial system. A current NOGA may also be reprinted at any time through the Grants module in the financial system. The NOGA summarizes basic award information, key award terms and conditions, and budget information.

This internal document is initially generated by SPA* and forwarded to the PI*, department accountant (DRA*), and SFR* at the time a new sponsored award is established in the financial system. SPA instructions for viewing the NOGA from the Grants Module are available here:
http://www.ospa.umn.edu/efs_sp/documents/EFS-SPJobAidHowtoRunaNOGANarrativeVersion301Jul08_000.pdf

* SPA - Sponsored Projects Administration
* PI - Principal Investigator
* DRA - Department Research Administrator (department accountant)
* SFR - Sponsored Financial Reporting
Sponsored Project Terms & Conditions

The terms and conditions which are agreed upon by SPA and the sponsor during the initial award negotiations are in effect for the life of the award and are included in the NOGA.

Certain changes in the circumstances surrounding a project during the project management phase may warrant a sponsor-approved change to the original terms and conditions of the award.

Below is an example of a portion of the Terms & Conditions section of a NOGA.

Changes which require sponsor approval are noted within the Agreement and are reflected on the NOGA under the Terms & Conditions.
Change Request Approval

Requests for project changes should be made during the lifecycle of the award before closeout.

There are three paths, which a request for an Award Modifications may follow for consideration and final approval, depending on the Award Terms and Conditions.

- Department only Final Approval
- Department Approval, then SPA Final Approval
- Department Approval, followed by SPA Approval, then Sponsor Final Approval

We will look at the typical process for requests that must receive final approval from the sponsoring agency.
Typical Change Request Process

The Principal Investigator (PI) can request a project change through either a letter or email to the department head. The request must receive the appropriate departmental approval before being sent to the GA for University endorsement and submission to the sponsor.

Below are the steps that apply to the appropriate flow of communication regarding project change requests:

The PI contacts the department and prepares a request for a project change.

The request is routed to the department head for departmental approval.

- The department sends the request to the GA at SPA.
- The GA reviews the request and submits it to the sponsor for approval.
- Once the GA receives sponsor approval, the NOGA in EFS is updated to reflect the approved changes.

In the project change examples that follow, we will review the initial award details followed by the updated NOGA which documents the project change as approved by the sponsor. For all project changes that must be approved by the sponsor, the processes outlined above are required.
Project Changes with Additional Funding

There are several types of project changes that involve additional funding and/or the timing of that funding:

- **Supplemental Funding.** Supplemental funds are usually restricted to the entire project period and represent new funds not previously requested and not included in original proposal.

- **Incremental Funding.** The award for the entire project period is released in increments throughout the award period, as outlined in the original agreement.

- **Continuation.** This refers to a type of incremental funding for the next budget period; when necessary the funding period and the award period are extended.
Supplemental Funding

The first award change we will discuss is Supplemental Funding, which is funding not included in the original award and is a request initiated by the PI.

A look at the original award letter from the sponsor indicates that the award amount for each of 4 years is $274,812.
A request from the department for the amount of $36,161 was received by the GA. The GA approved and submitted the request to the sponsor; negotiations between the GA and sponsor occur as needed. The request for supplemental funding was approved by the sponsor; the University received documentation from the sponsor to this effect.

The NOGA, Award History section, below documents the modification to the award on 9/24/2012. Supplemental Funding project changes impact an award in the middle of a budget or project period; in the modification example the change took place in the middle of budget period 3 which extends from May 2012 through April 2013.

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Incremental Funding

Unlike supplemental funding, which involves a request initiated by the PI, an incremental funding project modification occurs once 75% of an award spending has been reached.

Funding takes effect at the beginning of a budget period. In an award from NASA the initial increment of $81,926 has been provided of the Year one total of $136,544. Note that the renewal of funding is base on satisfactory progress and on the availability of funds.
NOGA – Incremental Funding

Upon receipt of the sponsor’s amendment letter confirming the second incremental funding, the award profile is updated in the Grants module and the updated NOGA is generated. The modified NOGA below indicates in the Award History section that the approved incremental funding is for $54,618.

Departments managing an award that has incremental funding should be mindful of the rate at which funds are being provided by the sponsor. It is important to verify that funds are coming in at a rate that will accommodate performance.
Continuation

The NOGA Award History below is an example of a National Science Foundation (NSF) award which is considered a continuing grant. The award start date is 9/15/2009 and the initial amount of the grant through August, 2010 is listed as $819,109.

As outlined in the Award History, continued funding for fiscal years 2010, 2011, and 2012 is contingent upon the availability of funds and scientific progress.

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NOGA - Continuation

In October 2010, a continuation was approved by NSF and SPA was notified. The updated NOGA details the Continuation grant amount for the period of September, 2010 through August, 2011 in the amount of $823,989.

Departments receiving a continuation should be aware of the implications of this type of modification; that is, the award funding and performance should be proceeding as expected and on track.
A No-Cost Extension award modification generally occur when additional time is needed to complete research and reporting and when no additional funding is being requested. This type of change would be requested due to programmatic needs and not due to a remaining balance.

The Terms & Conditions as documented in the NOGA indicate that sponsor approval is necessary for no-cost extensions.
No-Cost Extension

In this example, a PI and the department created a communication and justification for an extension request. Below is an excerpt that the GA received to review, approve and submit to the sponsor:

Justification: The rate of expenditure of funds associated with this award has been slowed in the final year due to graduation of both a Ph.D. and M.Sc. student involved in the work. As we work on re-staffing the project an undergraduate student continues to be supported, in addition to another Ph.D. student partially supported by a department fellowship. A no-cost extension will enable us to complete the work along the lines described in the proposal. In particular we will be able to complete the project objectives.
NOGA – No Cost Extension

The request for the no-cost extension was approved to extend the end date from the original date of 2/29/2012. The details are included in the updated NOGA, as shown below, which now lists the end date for the project as 2/28/2013. Note that the amount is listed as $0.00, which reflects the fact that funding was not impacted by the extension.
Knowledge Check 1

Once a PI’s project change request has received departmental approval, to whom is the request routed?

- Grant Administrator (GA)
- Sponsor
- Sponsored Financial Reporting (SFR)
In which section of the NOGA are the updates or award modification details found?

- Comments
- Terms and Conditions
- **Award History**
- Award Information
Knowledge Check 3

If a PI makes a request for additional funding for an award which was not part of the original award, what type of award modification would this represent?

- Incremental funding
- Continuation
- **Supplemental funding**
Rebudgeting

Rebudgeting is a project change type which refers to any change in the budget from how it was originally awarded. Not all rebudgeting requires sponsor approval. If rebudgeting does not require sponsor approval for a particular award, departmental procedures are followed.

If sponsor approval is required, according to the terms and conditions of the award, then the PI and departmental preparer must consider a number of factors in the rebudgeting request.

Be sure to review the NOGA to determine if sponsor approval is required.
Rebudgeting Considerations

The PI, working with the departmental accountant, must take into account the following factors when preparing to submit a request to SPA for rebudgeting a project:

1. What approval is required at the department level?
2. What is the required sponsor documentation?
3. What additional documentation does SPA require?
   • The Rebudgeting form is a required document.
   • Contact the GA for questions.

Rebudgeting Calculations. Rebudgeting calculations and procedures must be followed to ensure no inadvertent overspending occurs.
Rebudgeting Process

Once a rebudgeting request is approved, depending on the details of the rebudgeting, a certified approver or SPA will complete the process in the financial system.

If the rebudgeting impacts only one project, the certified approver is authorized to complete the rebudgeting in order to properly align and direct the appropriate funds into the proper account codes within a project. In cases where rebudgeting is between projects, SPA must complete the process, and the SPA Rebudget Form is required.

SPA Rebudget Form

Here is a NOGA that reflects sponsor approval of a rebudget.
Early Termination of an Award

Circumstances which shorten the duration of an award would be classified as an Early Termination. The project below is a subaward, the University of Minnesota being the subrecipient. The original end date is 5/14/2012, as listed in the Subaward Agreement below. In this example, a change in the award was communicated from the prime recipient, another university due to a change in staffing there.

For the project listed in the Agreement, the University of Minnesota is the subrecipient of an award.

Circumstances which shorten the duration of an award would be classified as an Early Termination. The project below is a subaward, the University of Minnesota being the subrecipient. The original end date is 5/14/2012, as listed in the Subaward Agreement below. In this example, a change in the award was communicated from the prime recipient, another university due to a change in staffing there. 

For the project listed in the Agreement, the University of Minnesota is the subrecipient of an award.
Due the researcher’s acceptance of a position at another university, the prime recipient sent a Research Subaward Agreement - Amendment signed by an official of that institution to SPA.

The effect on the University’s subaward is that the end date was shortened by 5 months. The SPA office entered the project amendment into the Grants module with a new end date, as reflected in the updated NOGA below.

There are two things that are evident from this change: the award length was shortened and the funding was not affected.
Types of Project Changes

We have discussed examples of the following types of project changes:

- Continuation
- No-Cost Extensions
- Incremental Funding
- Rebudgeting
- Supplemental Funding
- Early Termination

Additional Types of Project Changes

- Key Personnel changes
- Change of Scope
- Administrative changes
- Addition of a Subcontract

Key Personnel changes. Key personnel changes occur if a PI leaves the University, for instance. Review earning distributions to determine if updates are needed. For the departure of a PI, refer to the PI Departure Steps http://www.ospa.umn.edu/documents/Pideparturesteps.pdf

Change of Scope. The addition of a related piece of research would be a change of scope. The department and the PI must determine the financial changes that need to be planned for since the project is no longer proceeding as previously forecasted. Labor, expenses, and/or period of performance may each be impacted by this type of change.
• **Administrative changes.** Changes in terms/conditions, invoicing, payment, reporting are considered administrative changes. The department must determine the impact of this change on the project, contacting SPA or SFR for help if needed.

• **Addition of a Subcontract.** The department works with the PI and SPA to determine if issuing a subcontract is necessary to complete a portion of the work. An update to the budget would be needed to account for the new cost of a subcontract.
Knowledge Check 4

On a NOGA, the terms “Supplemental Funding”, “Incremental Funding”, or “Extension” are examples of information categorized as:

- Award Type
- Modification Type
- Terms and Conditions
- Purpose
Knowledge Check 5

The PI of a project is discussing with the departmental research administrator the need to reallocate funding from supplies to cover travel; the amount could be covered by the amount currently budgeted for supplies. What type of project change request does this represent?

- Supplemental Funding
- Rebudgeting
- No-Cost Extension
- Change of Scope
Knowledge Check 6

When a rebudgeting request is being prepared by a PI and department accountant, specific procedures and calculations must be used. The rebudgeting calculations are aimed at which of the following goals?

- Identifying any remaining balances
- Avoiding over or under spending
- Reporting expenses to date
Knowledge Check 7

The GA negotiated a request for a project change for a part of the work to be assigned to a 3rd party. This type of project change would be categorized as:

- Supplemental Funding
- Change of Scope
- Key Personnel Change
In conclusion, a project change may be initiated by the University or by the sponsor, depending on the circumstances.

The appropriate communication between the department, Principal Investigator, Grant Administrator, and the sponsor is key to ensuring that sponsored projects are implemented as approved by the sponsor throughout the lifecycle of an award, including any modifications to an award.

Current Terms and Conditions are always available for reference in a current NOGA report.
Completion and Resources

This completes Sponsored Project Changes online course. This course will now appear on your ULearn transcript under the Completed tab, where you can access it at any time.

You can close this window now.

Resources:

Refer to these resources for additional information relevant to this course:

- Sponsored Projects Administration (SPA) [http://www.ospa.umn.edu](http://www.ospa.umn.edu)
- UWide Policy Library [http://www.policy.umn.edu](http://www.policy.umn.edu)
- Sponsored Roles and Responsibilities job aid (Download PDF) [http://www1.umn.edu/ohr/prod/groups/ohr/@pub/@ohr/documents/asset/ohr_46963.pdf](http://www1.umn.edu/ohr/prod/groups/ohr/@pub/@ohr/documents/asset/ohr_46963.pdf)
- SPA Instructions for Viewing the NOGA Form [http://www.ospa.umn.edu/efs_sp/documents/EFS-SPJobAidHowtoRunaNOGANarrativeVersion301Jul08_000.pdf](http://www.ospa.umn.edu/efs_sp/documents/EFS-SPJobAidHowtoRunaNOGANarrativeVersion301Jul08_000.pdf)