



BAKERSFIELD

January 7, 2004

CHANNEL ISLAND

MEMORANDUM

CHICO

DOMINGUEZ HILLS

TO: CSU President

FRESNO

FROM: Charles B. Reed
Chancellor

FULLERTON

HAYWARD

SUBJECT: **Administration of Grants and Contracts
in Support of Sponsored Programs- Executive Order No. 890**

HUMBOLDT

LONG BEACH

Attached is a copy of Executive Order 890 relating to all Sponsored Programs applied for, awarded to and/or administered by any campus of the California State University, the Office of the Chancellor, or any Auxiliary.

LOS ANGELES

MARITIME ACADEMY

Presidents are requested to submit a reply to me no later than July 1, 2004, indicating the campus has completed preparation of their written policy and is in compliance with the policy directives for administration of sponsored programs, in accordance with this executive order.

MONTEREY BAY

NORTHRIDGE

In accordance with policy of the California State University, the campus president has the responsibility for implementing executive orders where applicable and for maintaining the campus repository and index for all executive order

POMONA

SACRAMENTO

SAN BERNARDINO

If you have questions regarding this executive order, please call Contact Services and Procurement at (562)951-4590

SAN DIEGO

CR: pd

SAN FRANCISCO

SAN JOSE

Attachment

SAN LUIS OBISPO

cc: Vice President, Academic/Provosts
Chief Administrative Business Officers
Foundation Directors
Executive Staff, Officer Pf the Chancellor

SAN MARCOS

SONOMA

STANISLAUS

Policy Title: Administration of Grants and Contracts in Support of Sponsored Programs

Effective Date: July 1, 2004

This California State University Fullerton campus policy responds to Executive Order 890 which was issued under the authority of Section 2 of Chapter III of the Standing Order of the Board of Trustees with reference to Division 8 (commencing with Section 89000), Part 55, Chapter 7, Article 1 of the Education Code and Subchapter 6 (commencing with Section 42000) of Chapter 1 of Title 5 of the California Code of Regulations and related policies adopted by the Board of Trustees of the California State University. It applies to all Sponsored Programs applied for, awarded to and/or administered by California State University Fullerton (University) and the California State University, Fullerton Foundation, (Auxiliary).

Article 1 Definitions

- 1.1. **“Auxiliary”** means the California State University, Fullerton Foundation, an Auxiliary Organization as defined in Executive Order No. 698.
- 1.2. **“Contract”** means an agreement between the University or Auxiliary and a Sponsor to provide an economic benefit, generally in the form of services, for compensation. The agreement is binding and creates a *quid pro quo* relationship between the parties.
- 1.3. **“Grant”** means a financial contribution to a Recipient to carry out an approved project or activity. A Grant generally anticipates no substantial programmatic involvement of the Sponsor with the Recipient during performance of the project or activity, but Sponsors usually request an accounting of the use of funds and of results of the project or activity. The University or Auxiliary, or behalf of the University, may commit resources or services as a condition of the Grant.
- 1.4. **"Principal Investigator"** means the individual (whether referred to in the Contract or Grant as a Principal Investigator, Project Director or other similar term) designated by the Sponsored Program Administrator to be responsible for ensuring compliance with the academic, scientific, technical, financial and administrative aspects and for day-to-day management of the Sponsored Program.
- 1.5. **“Recipient”** means the Auxiliary awarded a Contract or Grant. The Recipient is the University or Auxiliary, as the case may be, even if a particular component is designated in the award document, and shall not be an individual department or other constituent unit.
- 1.6. **"Sponsor”** means the party paying for the services or other economic benefit under a Contractor providing the financial contribution for a Project or activity under a Grant
- 1.7. **"Sponsored Program(s)"** means all work performed under Grants or Contracts funded by non-CSU funding sources (including non-CSU- funded Contracts and Grants that. are subsequently subcontracted to another campus).
- 1.8. **"Sponsored Program(s) Administrator"** means the Executive Director of the California State University, Fullerton Foundation, which has been designated *by the University* to administer all Sponsored Programs.
- 1.9. **"Sponsored Program Records"** include, but are not limited to, accepted proposals and applications; Contracts or Grant agreements; program reports and data; correspondence; budgets and supporting financial documentation; supporting human or animal resources documentation; and other records relating

to receipt, review, award, evaluation, status and monitoring of the Sponsored Program.

- 1.10. **"Sponsored Program Work Product"** means any work created in the performance of a Sponsored Program. Unless the Contract or Grant states otherwise, Sponsored Program Work product does not include journal articles, lectures, images, books or other works that are subject to copyright protection and have been created through independent academic effort and based on the findings of the Sponsored Program.
- 1.11. **"University"** means California State University Fullerton.

Article 2. General

Sponsored Programs provide significant benefit to the University and ultimately the California State University (CSU). Such Programs further the University's educational mission by facilitating research, workshops, conferences, institutes and other projects that enrich the scholarly endeavors of faculty and students and enhance the services provided by the University to California communities. This policy defines and roles and responsibilities to be followed by any member of the University community, or the Auxiliary administering Sponsored Programs, to ensure that the University and the Auxiliary maximize the benefits of Sponsored Programs and supports faculty, staff, students and administrators in effectively securing and carrying out Sponsored Programs.

2.1. President's Responsibility

The University's president is responsible for the educational effectiveness, academic excellence, and general welfare of the campus over which s/he presides. The president shall require that the University and the Auxiliary operate in conformity with applicable law and the policies of the CSU and the campus when proposing and administering Sponsored Programs. Sound management and administration of Sponsored Programs requires coordination among, and between, organizationally separate units and individuals on the campus and therefore the campus president will identify for each area of policy the campus official responsible for implementing that area of this policy.

2.2. Written Policy

This written policy establishes the management of Sponsored Programs that incorporates the components outlined in Executive Order 890 and is consistent with policies relating to risk management, environmental health and safety, conflicts of interest, research misconduct and other applicable CSU and campus policies. In the event that a given Contract or Grant contains terms and conditions that are not in conflict with, but are more restrictive than, those provided in the campus policy, the more restrictive terms and conditions of the Contract or Grant shall prevail.

Article 3. Sponsored Program Administration

3.1 Proposal Submission, Review, and Approval

- 3.1.1. **Pre-Award Review and Approval of Proposal Submission.** Proposals for Sponsored Programs shall not be submitted to the Sponsor without prior written approval of the president of the University or the president's University designee, the Director of the Office of Grants and Contracts, and of the chief financial officer of the University or the chief financial officer's University designee.
- 3.1.2. **Pre-Acceptance Approvals.** Awards of Contracts or Grants shall not be accepted without prior written approval, as evidenced by the signature of the Principal Investigator/Project Director and the approval signature on the Internal Routing and Approval Form, by appropriate officials of the

University and Auxiliary responsible for the following areas, if applicable: (a) academic/programmatic; (b) fiscal, (c) health and safety; (d) human and animal subject research; (e) space; (f) major technical resources and equipment; and (g) risk management.

3.1.3. **Notice.** The campus' policy is to provide notice to all personnel responsible for the preparation of proposals and applications for Sponsored Programs that, if awarded the Recipient of the Contract or Grant shall be Auxiliary and not an individual, department, or other constituent unit.

3.1.4. **Amendment of Contract or Grant.** This campus policy provides notice that before any contract, contract amendment or modification, including other Sponsored Program Agreements, which require written approval, must first be reviewed by the designated staff of the Office of Grants and Contracts, i.e., the Contracts Coordinator, or other office personnel as designated by the Director of the Office of Grants and Contracts and approved in writing by the University's Sponsored Programs Administrator.

3.2 Performance of Grants and Contracts

3.2.1. **Administration of Sponsored Programs.** Prior to acceptance of any Sponsored Program Contract or Grant, the University exclusively designates the Auxiliary to administer the Contract or Grant. The Sponsored Program Administrator, then, is legally responsible and accountable in the Sponsor for the use of the funds provided and the performance of the Sponsored Program.

3.2.2. **Master Agreement between University and Auxiliary for Administration of Sponsored Programs.** The University and the Auxiliary have entered into a master operating agreement setting forth the roles and responsibilities of each party with regard to the administration of Sponsored Programs by the Auxiliary. The Auxiliary agrees among other things to:

- a. Indemnify, defend and save harmless the University from all loss, damage, or liability that may be suffered or incurred by the University caused by, arising out of, or in any way connected with the administration of Sponsored Programs by the Auxiliary; and
- b. Carry adequate insurance in accordance with CSU policy (see Executive Order No. 849).

3.2.3. **Implementation Plan.** The Sponsored Program Administrator shall prepare an implementation plan, consistent with each Sponsor's Contract, Grant, or master operating agreement specifications, for each Contract or Grant that shall include, but not be limited to, the following:

- a. Identification of the Principal Investigator/Project Director and staffing needs for the Sponsored Program;
- b. Identification of the funds and resources available, the projected budget, and other fiscal or technical administrative requirements; and
- c. Identification of the person or entity responsible for security, ownership, custody and retention of the Sponsored Program Work Product and Records after completion of the Sponsored Program.

3.3 Human Resources Policy

3.3.1. **Principal investigator(s)/Project Director(s).** Each Principal Investigator or Project Director shall meet the following minimum qualifications and normal responsibilities, as detailed in the Project Directors' Handbook. Specifically, the minimum qualifications for a Campus Principal

Investigator/Project Director shall include, but not be limited to, employment by the University or Auxiliary. This Campus policy also provides for the Vice President of Academic Affairs, in consultation as appropriate, with other involved University Vice President(s), Dean(s), Unit Head(s), or others as he deems necessary to establish criteria for limited exceptions for the appointment of Principal Investigators/Project Directors who are not employees of the University or Auxiliary, but who are officially affiliated with the University, including, but not limited to, individuals with emeritus status or visiting professors or researchers. This campus policy provides for reassigning the responsibilities of the Principal Investigator(s)/Project Director(s) by the Vice President of Academic Affairs, in consultation as appropriate, with other Vice President(s), appropriate Dean(s), Unit Head(s) or other parties as deemed necessary by the Academic Vice President, in case of the incumbent Principal Investigator's/Project Director's resignation, incapacitation, or failure or refusal to perform the duties adequately. This campus policy also designates the Vice President of Academic Affairs, in consultation with the respective Dean or Unit Head and the representative(s) involving any multi-institutional Sponsored Program(s), to address the distribution of responsibilities among Principal Investigators/Project directors for such multi-institutional Sponsored Programs.

- 3.3.2. **Employer.** The Sponsored Program Administrator shall be the employer of the Principal Investigator and other employees, where possible, with regard to work performed in furtherance of each, Sponsored Program. The Sponsored Program Administrator shall be responsible for the assignment, evaluation, and termination of Sponsored Program employees and for other employer obligations, where possible, associated with the performance and payment under the Sponsored Program, all in accordance with this campus policy for the administration of Contracts and Grants. This applies regardless of whether the employee is being paid directly by the University or Auxiliary or whether the University is being reimbursed by the Auxiliary for agreeing to reassign an employee from selected University duties in order to work on the Contractor Grant.
- 3.3.3 **Additional Employment.** The campus Office of Human Resources and the Auxiliary Human Resources Office has developed a process for monitoring employment, including additional employment through Contracts and Grants, which complies with the limits established by the CSU Additional Employment Policy. (See <http://www.calstate.edu/HRAdm/policies.shtml>). Moreover, other internal procedures for monitoring and approving additional (and overload) employment and pay for faculty have been established to further assure compliance with State Law and CSU policy. The resulting documenting database, created and maintained by the Vice President of Academic Affairs Office, provides supplementary clarification for faculty of additional employment options and limits by pay period and funding source. The Academic Affairs Division Budget Director is responsible for monitoring faculty additional employment/pay requests in accordance with the CSU and Collective Bargaining requirements and clarifying established guidelines.
- 3.3.4. **Misconduct.** The campus Misconduct in Science policy provides for a procedure for processing complaints of research misconduct or other employee misconduct in connection with Sponsored Programs. Employees working on Sponsored Programs who are also CSU employees shall remain subject to consequences for unprofessional behavior, failure or refusal to perform duties adequately, or other misconduct within the administration of the Sponsored Program and to the University's discipline system.
- 3.3.5. **Conflict of Interest.** The campus Conflict of Interest policy complies with conflict of interest requirements of the law and applicable CSU, Sponsored Program Administrator and Sponsor policies and alerts Principal Investigators to applicable requirements. See

<http://www.calstate.edu/HRAdm/policies.shtml>)

- 3.3.6. **Nepotism.** The campus Nepotism Policy in the administration of Sponsored Programs is consistent with CSU policy. See <http://www.calstate.edu/HRAdm/policies.shtml>)

3.4. **Academic Policy**

- 3.4.1. **Conduct of Research.** Via the President's Delegation Letter, the Academic Vice President is the specific University official, in the case of Sponsored Programs requiring scholarly research, who is responsible for assisting the Sponsored Program Administrator by providing oversight authority of the conduct of research and ensuring progress toward fulfillment of Contract or Grant requirements.
- 3.4.2. **Human Subjects Research.** Via the Institutional Review Board policy on the Protection of Human Participants in Research protections the rights and welfare of human subjects in research in which the institution is engaged. The institution is engaged when its employees, students, or other individuals performing institutionally designated activities or exercising institutionally delegated authority or responsibility (i) intervene or interact with living people for research purposes or (ii) obtain individually identifiable private information for research purposes (See 45 CER 46.102(d), and <http://ohrp.osophs.dhhs.gov/humansubjects/assurance/engage.htm>.) The adopted campus policy shall be reviewed periodically for consistency with applicable laws and regulations, including but not limited to, Title 45, Code of Federal Regulations, Part 46. As a campus which conducts research funded by the Department of Health and Human Services (DHHS), it has a Federal-wide Assurance approved by the Office of Human Research Protections. When revising the campus policy, policy guidance provided by the Office for Human Research Protections of the United States Department of Health and Human Services and the accreditation standards of the Association for the Accreditation of Human Research Protection Programs shall be reviewed. The campus president or designee is authorized to take appropriate action to implement regulations required by funding and regulatory agencies for the protection of human participants in research. The campus shall maintain one or more Institutional Review Boards appointed by the president or designee, based upon need, to ensure adequate review of research protocol involving human participants and the University shall be responsible for ensuring that these protocols are followed. The campus policy incorporates provisions, for adequate training of research personnel and for multi-institutional Sponsored Programs.
- 3.4.3 **Animal Subjects Research.** The campus has established policy for the procurement, housing, care, and use of live non-human vertebrate animals in Sponsored Program research, in instruction and research by employees of the University or Auxiliary in the regular course of their employment in research by students in satisfaction of University requirements and in research or instruction using any University property or facility. These campus policies and procedures shall provide for adequate training for research personnel and shall be consistent with the *Guide for the Care and Use of Laboratory Animals* (Institute for Laboratory, Animal Research Commission on Life Science National Research Council) requirements of the United States Department of Agriculture and regulations implementing the Animal Welfare Act as amended, other applicable laws and regulations, and, as appropriate, provisions of the United States Public Health Service Policy on Human Care and Use of Laboratory Animals. The campus president has authorized the Academic Affairs Vice President (AAVP) to take appropriate action to implement, regulations required by funding and regulatory agencies on the care and use of animals in research and instruction. The campus, where research or instruction using live non-human vertebrate animals is conducted, maintains an Institutional Animal Care and Use Committee (IACUC), appointed by the president or the AAVP, to ensure adequate review of animal facilities, procedures, and research and teaching protocols and the University shall be responsible ensuring that these protocols are followed. In connection with the adoption of its policy, the campus reviews the

3.5. Fiscal Administration

The campus, through its Auxiliary which is responsible for Sponsored Program Administration, has established necessary controls to ensure sound fiscal management of Sponsored Programs. It is the responsibility of the Principal Investigator and the Sponsored Program Administrator to adhere to the fiscal terms and conditions of the Contract or Grant and to comply with University and Auxiliary policies and procedures, as detailed in the Administration of Grants and Contracts Policy, Project Directors Handbook (See Section II Grant Administration), and Chancellor's Office "Compilation of Policies and Procedures for CSU Auxiliary Organizations".

- 3.5.1. **Budget.** The Sponsored Program Administrator shall be responsible for final certification of project budgets and budget change review procedures. The Principal Investigator for a Contract or Grant shall be responsible for executing the project in conformance with the approved budget. Disbursements shall not be processed on any account unless both parties have executed a Contract or unless all approvals have been obtained and the Grant as been accepted. In cases when the Sponsor allows the institution to incur pre-award costs, and the Sponsored Program Administrator, via the Auxiliary pre-award policy and procedure allows pre-award spending, then disbursements may be made prior to receipt of the award document, in accordance with the Sponsor and Sponsored Program Administrator guidelines.
- 3.5.2. **Account Management.** The Sponsored Program Administrator is responsible for the timely establishment of accounts in accordance with the terms and conditions of the Contract or Grant. Procedures are in place to define and document approval authority; maintain proper accounting and control of all cash receipts from Contract or Grant billings; review and approve all expenditures for compliance with the Contract or Grant; and ensure completion of accurate and timely reporting for each Contract or Grant. The Principal Investigator is responsible for ensuring that all expenditures are made in compliance with the approved budget, the Contract or Grant and the Sponsored Program Administrator's policies. The Sponsored Program Administrator's chief financial officer or appropriate designee must authorize payments involving personal expenditures by the Principal Investigator. The Sponsored Program Administrator must certify that funding is available prior to issuance of any personnel action forms.
- 3.5.3. **Fiscal Reporting.** The Sponsored Program Administrator shall ensure that all fiscal reports (including final reports) and billings are prepared and submitted, on a timely basis, to Sponsors in accordance with the terms and conditions of the Contract or Grant.
- 3.5.4. **Cost Recovery.** All appropriate indirect and direct costs shall be recovered, to the extent possible, for Sponsored Programs in accordance with CSU policy, University and Auxiliary policies and or other funding agency requirements or limitations.
- 3.5.5. **Cost Sharing.** In some cases the University may share or match costs associated with a Sponsored Program instead of recovering indirect and direct costs. When there is cost sharing or matching in connection with a Sponsored Program, the Sponsored Program Administrator in conjunction with the Principal Investigator, must document actual costs shared or matching contributions in a manner consistent with the campus cost allocation plans, Sponsor requirements, and in the case of federal Contracts or Grants requirements, as stated in OMB Circular A-110. Upon approval by the Academic Affairs Vice President and Vice President of Administration, and as applicable, the Vice President of Advancement or the President, Facilities and Administrative/Indirect Costs may be waived; however, never in such a manner that Public sponsored programs ever subsidize the costs of Private programs.

3.6. **Sponsored Program Work Product and Records**

3.6.1. **Work Product and Records Policy.** The campus shall develop a policy regarding the security, ownership and retention of Sponsored Program Work Products and Sponsored Program Records. This policy will be compatible with University and CSU policy pertaining to intellectual property. Any Contractor award that provides for ownership or license of Work Product or Sponsored Program Records to any person or entity other than the Principal Investigator or the University, shall provide the University with a free-of-cost, nonexclusive license to use the Sponsored Program Work Product and the right to access and use Sponsored Program Records for purposes consistent with the educational mission of the University.

3.6.2. **Records Retention.** Retention of Sponsored Program Records refers to the storage, preservation or disposal of records once the Sponsored Program is complete. The campus's policy for Sponsored Program record retention shall comply with applicable law and University and Auxiliary policy, and shall establish a schedule that specifies a) the period of time to retain Sponsored Program records after the Sponsored Program has been completed; b) disposal of records no longer needed; c) the preservation of records of historical value; and d) procedures for complying with the Sponsor's record retention requirements.

Specifically, all records pertaining to Sponsored Programs shall be maintained for a minimum period of three years after the submission of the final technical, financial reports and/or final payment as applicable to the specific project. Projects requiring retention in excess of the three year minimum will have a notation on the project Control Record. All records should be properly disposed of at the conclusion of the retention period unless they are subject of a pending audit and/or intellectual property issue(s).

Article 4. System Office Role of Responsibility

4.1. **Legal Advice.** Legal advice concerning Contract or Grant administration that might affect the CSU or the University will be coordinated through the CSU Office of General Counsel.

4.2. **System Office.** The offices of Academic Affairs, Business and Finance, and Human Resources in the Office of the Chancellor shall each be responsible for their respective policy functions in the maintenance and support of the requirements of this policy.

Article 5. Official Policy Contact. Should questions arise with regard to the application or interpretation of this policy, please contract the Director of the Office of Grants and Contracts.