

UC Davis Policy and Procedure Manual

Chapter 230, Sponsored Programs

Section 01, Private Support of Research

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Responsible Department: Office of Research

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I. Purpose

- A. This section outlines the basic policies and procedures governing privately sponsored research and sets forth definitions, procedures for approval, budgeting, and accounting for research funded from private sources.
- B. Research is considered privately sponsored, and therefore subject to the terms of this policy, when it is funded wholly or partially by private funds not considered a gift under Section 260-15.

II. Definitions

- A. Allowable costs—costs for which an institution may be reimbursed under a research support agreement with the federal government as defined by the Office of Management and Budget (OMB) Circular A-21 (http://www.whitehouse.gov/omb/circulars_a021_2004/).
- B. Direct costs—costs that can readily and consistently be identified specifically with the activities necessary to fulfill the terms of an agreement covering a project.
- C. Effort/work—the percentage of actual time to be spent on any activity expressed as a ratio of the total appointment if the individual, not to exceed 100%.
- D. Facilities and administrative (indirect) costs—costs incurred by the University in support of common or collective institutional objectives that are not uniquely identified with specific services or activities.
- E. Principal investigator/study director—the individual primarily responsible for and in charge of a research activity as defined in Section 330-31 (<http://manuals.ucdavis.edu/PPM/330/330-31.pdf>), and who has an active role in the project.
- F. Research—any systematic investigation designed to develop or contribute to generalized knowledge, including basic and applied research inclusive of product analysis and research development.
- G. Residual funds—funds remaining from a privately sponsored research activity that exceed the University's full direct and indirect costs of performing the University's agreement with the sponsor.
- H. Sponsored research—externally funded research activity that is governed by specific terms and conditions set by the University and the funding sources, which may include research grants, research contracts, cooperative agreements for research, or other research-related activities associated with furthering generalized knowledge, or with product refinement or development.
- I. Study coordinator—the individual, typically in a clinical trial setting, who coordinates all aspects of the investigation and gathers data and information, under the direct supervision of a PI.
- J. Unit head—academic or administrative leader with programmatic, managerial, and fiscal responsibilities for a designated area, such as a department, division, school, or center, who typically reports directly to a dean or vice chancellor.

III. Policy

- A. Collaboration between UC Davis investigators and private sponsors is a critical component of the UC Davis research program.
- B. Privately funded research is subject to the same policies and procedures for administration and financial record keeping as those funded by public agencies.
- C. Proposals for agreements with private sponsors must provide for recovery of costs, including F&A costs at the full, federally-negotiated, approved rate.

IV. Procedures

- A. Approval
 - 1. A formal agreement, including the scope of work and an itemized project budget, must be submitted to and reviewed by Sponsored Programs.
 - 2. The appropriate position identified in DA 2036 (<http://manuals.ucdavis.edu/PublicSearch.aspx>) in the Office of Research or Health System Contracts provides institutional oversight for acceptance and holds authority to negotiate terms and conditions of research agreements to ensure compliance with University policy.
- B. Budgeting and accounting
 - 1. Direct costs
 - a. In general, direct costs may include but are not limited to the following:
 - 1) Salaries and wages
 - 2) Employee benefits
 - 3) Supplies and materials
 - 4) Permanent equipment
 - 5) Consultant costs
 - 6) Other contractual or third-party costs/subcontracts
 - 7) Travel
 - 8) Patient care costs
 - 9) Alterations and renovations
 - 10) Publication costs
 - 11) Participant costs
 - b. Because the California National Primate Research Center (CNPRC) is only partially funded by the sponsoring agency and is self-supporting for the remainder of their costs, budgets for privately sponsored research at CNPRC may include the following items that are generally regarded as F&A costs as direct costs:
 - 1) Building use (depreciation)
 - 2) Equipment use (depreciation)
 - 3) Department administration
 - 2. Facilities and administrative (F&A) costs

- a. F&A costs are a separate line item in the project budget and are calculated as a percentage of direct costs by applying the applicable federally negotiated F&A cost rate (see <http://research.ucdavis.edu/documentDisplay.cfm?id=1512.pdf>).
 - b. Privately sponsored projects are subject to the full federally negotiated F&A cost rates unless an exception has been approved by UC Office of the President through the Office of Research.
3. Residual funds
- a. Research funds may not be designated as residual funds until full F&A costs have been paid on the entire award, including any funds remaining after completion of the project.
 - b. Residual funds will be transferred to a departmental, unit, or dean's account designated to receive these funds for use in support of the teaching, research, and public service mission of the University.
 - c. The PI must provide a written explanation for residual funds in excess of 20% of each privately sponsored research activity budget, describing the nature and reason for the excess funds.
 - 1) Explanations must be submitted to the unit head, dean, or Vice Chancellor— Research as the next higher level of authority, with confirmation that the residual funds have been deposited into the designated account.
 - 2) All residual funds in excess of 20% of project budgets are subject to monitoring and potential audit review.

V. Roles and Responsibilities

A. Deans

1. Provide local oversight for residual funds retained, including monitoring transfer and receipt of residual funds into the dean's or departmental account.
2. Attest to the validity of the proposed privately sponsored activity, its departmental compatibility, and its appropriateness in terms of budget, space, and equipment, when the PI reports directly to the dean.

B. Unit heads

1. Attest to the validity of the proposed privately sponsored activity, its departmental compatibility, and its appropriateness in terms of budget, space, and equipment, when the PI reports directly to the unit head.
2. Monitor charges to the project for compliance with the research support agreement and distribute and monitor use of residual funds.

C. Principal investigator (PI)

1. Accounts for all deliverables, transactions, and activities performed in conjunction with the project.
2. Prepares and submits disclosure forms (including financial disclosures) in connection with all privately sponsored research.
3. Identifies all residual funds, initiates the notification process, and proposes the allocation of residual funds.

4. Reports and explains residual funds in excess of 20% of the program budget.

D. Extramural Funds, Accounting and Financial Services

1. Establishes unique accounts for approved and awarded privately sponsored research consistent with established policies and procedures for receipt of extramurally funded awards.
2. Ensures that all established accounts reflect a designated award end date.
3. Closes established privately sponsored research accounts six months after the slated end date.
4. Transfers residual funds (after application of F&A to all remaining funds following completion of project) to applicable and appropriately approved departmental accounts at the direction of the PI.
5. Monitors and reports on levels of residual amounts in closed project accounts to the PI, unit head, dean, and Internal Audit Services.

VI. Further Information

- A. For additional information on University policies and guidelines regarding conflict of interest and commitment, see Sections 230-05 and 380-16, Academic Personnel Manual Sections 025 and 028, and UC Business and Finance Bulletin G-39.
- B. Contact Sponsored Programs, Office of Research, for more information (<http://research.ucdavis.edu/home.cfm?id=OVC,3,1240,2044>).

VII. References and Related Policies

- A. Academic Personnel Manual (<http://manuals.ucdavis.edu/APM/apm-toc.htm>):
 1. Section APM-025 (<http://www.ucop.edu/acadpersonnel/apm/apm-025-07-01.pdf>), Conflict of Commitment and Outside Professional Activities of Faculty Members.
 2. Section APM-028 (<http://www.ucop.edu/acadpersonnel/apm/apm-028.pdf>), Disclosure of Financial Interest in Private Sponsors of Research.
 3. Section UCD-025 (<http://manuals.ucdavis.edu/APM/025.pdf>), Reporting Outside Professional Activities.
- B. UC Business & Finance Bulletin G-39, Conflict of Interest Policy and Compendium of Specialized University Policies, Guidelines, and Regulations Related to Conflict of Interest (<http://www.ucop.edu/ucophome/policies/bfb/g39.html>).
- C. UC Contract and Grant Manual (<http://www.ucop.edu/raohome/cgmanual/>):
 1. Chapter 1, Section 1-530, Who May Submit Proposals.
 2. Chapter 7, Budgets and Expenditures.
 3. Chapter 19, Section 19-400, Agreements with Private Sponsors.
- D. UC Requirements for Administration of Agreements with Private Sponsors for Drug and Device Testing Using Human Subjects (<http://www.ucop.edu/raohome/cgmemos/95-05.html>).
- E. UCD Policy & Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
 1. Section 230-05, Individual Conflicts of Interest Involving Research.

2. Section 260-15, Solicitation and Acceptance of Gifts.
 3. Section 330-05, Business Contracts.
 4. Section 330-31, Administration of Contract and Grants Projects.
 5. Section 330-50, Sales of University Supplies and Services.
 6. Section 340-05, Cost Recovery for Sales of Goods and Services to Non-University Clientele.
 7. Section 380-16, Conflict of Interest.
- F. U.S. Code of Federal Regulations (FDA) (<http://www.gpoaccess.gov/cfr/index.html>):
1. [21 CFR 56.102\(h\)](#), Definitions. – 102(h) defines “*Investigator*”
 2. [21 CFR 58.3\(m\)](#), Definitions. - .3(m) defines “*Study Director*”
 3. [21 CFR 58.33](#), Study Director.
- G. [Federal Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions.](#)
- H. [Accounting & Financial Services--Extramural Funds Accounting: Charging Practices for Federally Funded Grants and Contracts2009](#)