



## Research Fund Management Policy

July 2012

### PURPOSE

The purpose of this policy is to describe how funds for research and other sponsored activities at Memorial Sloan Kettering Cancer Center (MSKCC) are managed with respect to account establishment and other administrative issues.

### DEFINITIONS

#### RTM Managed Activities

Research activities at MSKCC include the rigorous inquiry, experiment or investigation to increase the scholarly understanding of the involved discipline. Together, the following categories of research and sponsored activities may comprise activities managed by the Research and Technology Management (RTM) division of MSKCC and be used to calculate the federally negotiated Facilities and Administrative (F&A) rate, **as long as they are separately budgeted and accounted for within Sloan-Kettering Institute (SKI)**. (All references to SKI herein refer to SKI as the research accounting corporation for MSKCC.)

#### Sponsored Research

Research activities are properly classified as Sponsored Research if the activity is sponsored (funded) by an external organization, i.e., a federal, state or private organization or agency, including foundations, associations and societies.

Examples of Sponsored Research include:

- awards to MSKCC faculty to support research activities such as:
  - **“Wet” lab or bench research**
  - **“Dry” lab research such as computational, statistical or epidemiologic studies**
  - **Clinical research including industry sponsored clinical trials**
- externally funded **“Career Awards”** to support the research efforts of the faculty
- externally funded **training grants and fellowships** to support research efforts of graduate students and post-docs
- external funding to maintain facilities or equipment and/or operation of a center or facility which will be used for research

Sponsored Research generally takes the form of a sponsored project. **Sponsored Projects** are externally-funded activities in which a formal written agreement, i.e., a grant, contract, or cooperative agreement, is entered into by MSKCC (typically through SKI) and the sponsor. A sponsored project may be thought of as a transaction in which there is a specified statement of work with a related, reciprocal transfer of something of value.

The following conditions characterize a sponsored project agreement, and help to distinguish such agreements from gifts:

- **STATEMENT OF WORK**

Sponsored projects are typically awarded to SKI in response to a detailed statement of work and commitment to a specified project plan. As described below, this statement of work is usually supported by both a project schedule and a line-item budget, both of which are essential to financial accountability. The statement of work and budget are usually described in a written proposal submitted by SKI to the sponsor for competitive review.

- **DETAILED FINANCIAL ACCOUNTABILITY**

The sponsored project agreement includes detailed financial accountability, typically including such conditions as:

- line-item budget related to the project plan. The terms of the agreement may specify allowable or unallowable costs, requirements for prior approvals for particular expenditures, etc.
- specified period of performance, typically defined with "start" and "end" dates
- requirement to return any unexpended funds at the end of that period
- regular financial reporting and audit, including, for federal and state awards, accountability under the terms of OMB A-122, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements With Hospitals and Non-Profit Institutions and OMB A-110, Grants and Agreements with Institutions of Higher Education, Hospitals , and Other Non-Profit Organizations.
- A sponsored project budget will include the institution's full negotiated F&A (indirect) cost rate, unless a waiver of those costs has been approved.
- These conditions generally define the level of financial accountability associated with a sponsored project. While not all of the above conditions are necessary to define a sponsored project, they are collectively indicative of the increased level of financial accountability associated with such projects.

- **DETAILED NON-FINANCIAL ACCOUNTABILITY**

The sponsored project agreement includes detailed non-financial accountability, typically including such conditions as:

- Award restricts or monitors publications or use of results.
- Award requires protection of sponsor and/or confidential information.
- Project involves the use of human subjects, vertebrate animals, radioisotopes on humans, radioactive materials, recombinant DNA, human body substances, etiologic agents or proprietary materials

- **DISPOSITION OF PROPERTIES ("Deliverables")**

Sponsored project agreements also usually include terms and conditions for the disposition of tangible properties (e. g., equipment, records, specified technical reports, theses or dissertations) or intangible properties (e.g., rights in data, copyrights, inventions). The presence of such terms and conditions in the agreement indicate that the activity is a sponsored project.

## **Institutional Research**

Research activity is properly classified as Institutional Research if the activity is supported by either of the following:

- Funding that is derived from MSKCC institutional funds (e.g. gifts, endowment income, interest income, technology licensing income, operating budget) that meets all of the following requirements :
  - competitive proposal and award process
  - a line item budget identifying expenditures by activity, function, and project period
  - a project-specific account for tracking expenditures against the budget
- Cost sharing expenditures for Sponsored Research that are committed to be borne by MSKCC rather than by the sponsor or that represent Sponsored Research project-specific cost overruns.

## **Departmental Research**

Any research activity that does not meet the criteria for sponsored research or institutional research as described above shall be classified as departmental research. Examples of departmental research include:

- New faculty start up funds which are provided on a non-competitive basis
- Funds from a faculty member's designated philanthropic fund accounts expended for research that are not used to cover costs incurred on behalf of sponsored or institutional research
- Institutional support of faculty salaries for research activities other than those defined as sponsored research or institutional research

## **Other Sponsored Activities**

Other sponsored activities means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than research as defined above. Examples of such programs and projects are health service projects, community service programs, travel grants, support for conferences or seminars, service or facility use projects.

## **ADMINISTRATIVE ISSUES**

### **1. ACCOUNT SET-UP AND MANAGEMENT**

**All funds received by MSKCC in support of Sponsored Research and Institutional Research as described above regardless of where they occur must be financially managed by RTM and will be considered RTM Managed Activities. Funds for departmental research and other sponsored activities that are separately budgeted and accounted for in SKI will also be considered RTM Managed Activities.**

The MSKCC RTM Division, specifically Research Fund Management, a unit within the Office of Research and Project Administration, is responsible for establishing and managing accounts within SKI for such purposes. These accounts include Funds, which are individual accounts to manage funds from external sponsors or the institution in support of specific research or other sponsored activity, and Cost Centers, which are groups of Funds linked to an individual researcher or research unit. Research Fund Management verifies that the account being set up is proper, in accordance with the definitions in this policy. It is responsible for assuring that a proper determination of gift or sponsored project status has been made. And finally, it is responsible (in collaboration with the Principal Investigator, Grants and Contracts, another unit within the Office of Research and Project Administration, Hospital

Administration (as applicable) and Finance) for the ongoing management of these accounts including reports to sponsor, requests to rebudget funds, extend the account, or transfer costs, and account close-out.

## 2. COST SHARING IMPLICATIONS

MSKCC policy and federal regulations define cost sharing as that portion of total project costs of a sponsored agreement borne by the institution, rather than by the sponsor.

Committed cost sharing, i.e., that which a sponsor would otherwise pay, which MSKCC offers in its proposal and is accepted by the sponsor, must be funded from a non-federal source and charged to a separate cost sharing account. Gift funds may be used to meet a cost sharing commitment on a sponsored project if the purpose of the gift so allows.

Where a donor requires that their gift funds be leveraged with other resources, for example, matching gifts, there is no requirement to account for cost sharing. In these cases, the donor typically expects MSKCC to use other gift funds to meet the requirement for matching or additional funding requirements.

## 3. FACILITIES & ADMINISTRATIVE (F&A), i.e., INDIRECT COST, IMPLICATIONS

MSKCC's policy is to apply the institution's full applicable F&A (indirect) cost rate to all sponsored research. However, when a governmental or non-profit sponsor's written policy stipulates an F&A rate that is less than the institution's applicable F&A rate, MSKCC may choose to accept the lower rate. Also, on rare occasions, the institution can decide through its Office of the Vice President for Research and Technology Management to waive the indirect rate or accept a reduced indirect rate for other sponsor's or under other conditions. Gifts will generally have a lower F&A rate (i.e., 25%) applied to them.