

# **Oil Spill Recovery Institute**

## **Grant Policy Manual**

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# Table of Contents

<b>1.0 INTRODUCTION</b>	<b>1</b>
1.1 BACKGROUND	1
1.2 RESEARCH AND DEVELOPMENT (R&D) PROGRAMS	1
1.3 OSRI ORGANIZATION AND CONTACTS	2
<b>2.0 OSRI AWARDS</b>	<b>3</b>
2.1 BASIC POLICY AND PROCEDURES	3
2.1.1 Background	3
2.1.2 Team Research	3
2.2 OSRI-GRANTEE RELATIONSHIPS	3
2.2.1 Background	3
2.2.2 Roles and Responsibilities	3
2.3 GRANT DEFINITIONS	3
2.3.1 Grants	4
2.3.2 Contracts	4
2.3.3 Cooperative Agreements	4
2.4 AWARD MECHANISMS	4
2.5 AWARD CATEGORIES	5
2.6 GRANT DOCUMENTS	5
2.6.1 Contracts	5
2.6.2 Cooperative agreement	5
2.6.3 Partnership agreement	5
2.6.4 Service agreement	6
2.7 OSRI AWARD CONDITIONS	6
2.8 AWARD PERIODS	6
2.8.1 Definitions	6
2.8.2 Significance of Award Period	6
2.8.3 Changes in Award Effective Dates	6
2.9 ADDITIONAL FUNDING SUPPORT	7
2.9.1 Supplemental Support	7
<b>3.0 SUBMITTING PROPOSALS</b>	<b>8</b>
3.1 BACKGROUND	8
3.1.1 Application Procedures	8
3.2 LARGE PROPOSALS (\$100,000 AND OVER)	8
3.2.1 Pre-proposals	8
3.2.2 Proposal Format for Large award full proposals	9
3.3 OTHER PROPOSALS AND FELLOWSHIPS (UNDER \$100,000)	9
3.3.1 Other proposals requesting less than \$100,000	9
3.3.2 Fellowships	10
3.4 UNSOLICITED PROPOSALS	10
3.5 PROPOSAL REVIEW PROCESS – NEW AND CONTINUING PROJECTS	10
3.5.1 Background	10
3.5.2 Review and decision process for proposals under \$25,000	11
3.5.2 Review and decision process for proposals greater than or equal to \$25,000 and under \$100,000	11
3.5.3 Large proposals (\$100,000 or more) review process	11
3.5.4. Solicitations made through partnerships	12
3.5.5 Continuing or multi-year projects	12

3.6 CONFIDENTIALITY .....	12
3.7 IMPARTIALITY .....	13
3.8 APPEAL PROCESS .....	13
<b>4.0 AWARD ADMINISTRATION .....</b>	<b>14</b>
4.1 MONITORING PROJECT PERFORMANCE.....	14
4.1.1 Awardee Responsibilities.....	14
4.2 CHANGES IN PROJECT DIRECTION OR MANAGEMENT .....	14
4.2.1 Changes in Objectives or Scope .....	14
4.2.2 Changes in Methodology.....	14
4.2.3 Significant Changes, Delays, or Events of Unusual Interest .....	14
4.2.4 Changes in PI Devoted to the Project .....	15
4.2.5 Disposition of an Award when PI Transfers to a New Organization .....	15
4.2.6 Contracting or Transferring the Project Effort (Subawards).....	16
4.3 CHANGES IN THE BUDGET .....	17
4.3.1 Award and Contract Changes and Approvals .....	17
4.4 COST SHARING AND MATCHING.....	17
4.4.1 Cost Sharing Definitions .....	17
4.4.2 Significance of Cost Sharing Promises in Proposals .....	17
4.4.3 OSRI Cost Sharing.....	17
4.5 RECORDS RETENTION AND AUDIT .....	18
<b>5.0 REPORTING REQUIREMENTS .....</b>	<b>19</b>
5.1 QUARTERLY PROGRESS REPORTS.....	19
5.2 ANNUAL PROGRESS REPORTS.....	19
5.3 FINAL PROJECT REPORT .....	19
5.4 FINAL TECHNICAL INFORMATION ITEMS .....	20
5.5 AWARD CLOSEOUT.....	20
<b>6.0 FINANCIAL REQUIREMENTS AND PAYMENTS .....</b>	<b>21</b>
6.1 BACKGROUND .....	21
6.2 STANDARDS FOR FINANCIAL MANAGEMENT.....	21
6.3 DEFINITIONS.....	21
6.4 PAYMENT PROCEDURES .....	22
6.4.1 Invoicing Requirements .....	22
6.4.2 Cost Reimbursable.....	22
6.4.3 Fixed Costs .....	22
6.4.4 Working Capital Advance.....	22
6.4.5 Payment Policies .....	22
6.5 CASH REFUNDS AND CREDITS TO OSRI .....	23
6.5.1 Final Unobligated Balance .....	23
6.5.2 Erroneous Payments.....	23
6.6 AWARD FINANCIAL REPORTING REQUIREMENTS .....	23
6.6.1 Quarterly Reports.....	23
6.6.2 Annual Progress Report .....	23
6.6.3 Final Project Report.....	23
<b>7.0 STANDARDS FOR AWARDS.....</b>	<b>24</b>
7.1 BACKGROUND .....	24
7.1.1 Prospective Awardee Organization and Management Data .....	24
7.2 FAIR COMPETITION .....	25
7.2.1 Background.....	25
7.2.2. Conflict of interest .....	25
7.2.3 Appearance of Fairness.....	26
7.3 FINANCIAL MANAGEMENT SYSTEMS STANDARDS .....	26
7.4 PROCUREMENT STANDARDS.....	26

<u>7.5 PROPERTY MANAGEMENT STANDARDS</u> .....	<u>26</u>
<u>7.5.1 Background</u> .....	<u>26</u>
<u>7.5.2 Title to Equipment</u> .....	<u>27</u>
<u>7.5.3 Conditions for Acquisition and Use of Equipment</u> .....	<u>27</u>
<u>7.5.4 Property Management Standards When Title Retained by OSRI</u> .....	<u>27</u>
<b><u>8.0 ALLOWABLE COSTS</u></b> .....	<b><u>28</u></b>
<u>8.1 BASIC CONSIDERATIONS</u> .....	<u>28</u>
<u>8.1.1 Federal Cost Principles</u> .....	<u>28</u>
<u>8.1.2 Other Considerations</u> .....	<u>28</u>
<u>8.1.3 Prior Approval</u> .....	<u>29</u>
<u>8.1.4 Advance Understandings</u> .....	<u>29</u>
<u>8.2 DIRECT COSTS</u> .....	<u>29</u>
<u>8.2.1 Salaries, Wages, and Fringe Benefits</u> .....	<u>29</u>
<u>8.2.2 Equipment</u> .....	<u>30</u>
<u>8.2.3 Materials and Supplies</u> .....	<u>30</u>
<u>8.2.4 Travel Costs</u> .....	<u>30</u>
<u>8.2.5 Computer Costs</u> .....	<u>31</u>
<u>8.2.6 Consultant Services</u> .....	<u>31</u>
<u>8.2.7 Publication, Documentation, and Dissemination</u> .....	<u>32</u>
<u>8.3 OTHER DIRECT COSTS</u> .....	<u>32</u>
<u>8.3.1 Rental or Lease of Facilities or Special Purpose Equipment</u> .....	<u>32</u>
<u>8.3.2 Relocation Costs</u> .....	<u>32</u>
<u>8.3.3 Meetings and Conferences</u> .....	<u>33</u>
<u>8.4 INDIRECT COSTS</u> .....	<u>33</u>
<u>8.4.1 Background</u> .....	<u>33</u>
<u>8.4.2 OSRI Funding Policy</u> .....	<u>33</u>
<u>8.4.3 Indirect Costs in Proposals for OSRI Support</u> .....	<u>33</u>
<u>8.4.4 Indirect Costs in OSRI Cost Reimbursement Grants</u> .....	<u>34</u>
<b><u>9.0 OTHER GRANT REQUIREMENTS</u></b> .....	<b><u>35</u></b>
<u>9.1 NON-DISCRIMINATION STATUTES</u> .....	<u>35</u>
<u>9.1.1 General</u> .....	<u>35</u>
<u>9.2 INTELLECTUAL PROPERTY</u> .....	<u>35</u>
<u>9.2.1 Patents and Inventions</u> .....	<u>35</u>
<u>9.2.2 Dissemination and Sharing of Research Results</u> .....	<u>35</u>
<u>9.2.3 Tangible Property</u> .....	<u>35</u>
<u>9.3 PUBLICATION/DISTRIBUTION OF GRANT MATERIALS</u> .....	<u>36</u>
<u>9.3.1 OSRI Policy</u> .....	<u>36</u>
<u>9.3.2 Costs</u> .....	<u>36</u>
<u>9.3.3 Responsibilities</u> .....	<u>36</u>
<u>9.3.4 Awardee Obligations</u> .....	<u>36</u>
<u>9.4 HUMAN SUBJECTS</u> .....	<u>36</u>
<u>9.4.1 General</u> .....	<u>36</u>
<u>9.4.2 Certification of Compliance</u> .....	<u>36</u>
<u>9.5 ANIMAL WELFARE REQUIREMENTS</u> .....	<u>36</u>
<u>9.6 PROJECTS IN A FOREIGN COUNTRY</u> .....	<u>37</u>
<b><u>10.0 RECONSIDERATION/SUSPENSION AND TERMINATION/DISPUTES</u></b> .....	<b><u>38</u></b>
<u>10.1 POLICY</u> .....	<u>38</u>
<u>10.1.1 Background</u> .....	<u>38</u>
<u>10.1.2 Explanations by the OSRI Contracting Officer</u> .....	<u>38</u>
<u>10.1.3 Reconsideration</u> .....	<u>38</u>
<u>10.2 SUSPENSION AND TERMINATION PROCEDURES</u> .....	<u>39</u>
<u>10.2.1 Definitions</u> .....	<u>39</u>
<u>10.2.2 Suspension and Termination</u> .....	<u>39</u>

<u>10.2.3 Procedures for Suspension or Termination by OSRI</u> .....	39
<u>10.3 TERMINATION BY MUTUAL AGREEMENT</u> .....	40
<u>10.3.1 OSRI Policy</u> .....	40
<u>10.3.2 Procedures</u> .....	40
<u>10.4 OSRI SUSPENSION OR TERMINATION</u> .....	40
<u>10.4.1 Review Procedure</u> .....	40
<u>10.5 INFORMAL RESOLUTION OF GRANT ADMINISTRATION DISPUTES</u> .....	40
<u>10.5.1 Background</u> .....	40
<u>10.5.2 Scope of Post-Award Disputes Covered</u> .....	40
<u>10.5.3 Procedures</u> .....	41
<u>10.6 MISCONDUCT IN SCIENCE</u> .....	41
<u>10.6.1 OSRI Policies and Responsibilities</u> .....	41
<u>10.6.2 Role of Awardees</u> .....	42
<u>10.6.3 Reporting Possible Misconduct</u> .....	42
<b><u>11.0 REFERENCES</u></b> .....	<b>43</b>
<b><u>12.0 APPENDICES</u></b> .....	<b>44</b>

## 1.0 Introduction

### 1.1 Background

The Oil Spill Recovery Institute was established by Title V of the Oil Pollution Act of 1990 (OPA90). OSRI's mission is to support research, education, and demonstration projects that improve understanding and response to oil spills in Arctic and sub-Arctic marine environments.

Latest projections of Arctic and Subarctic oil supplies indicate this industry has, perhaps, another century ahead of exploratory drilling and extraction. The 30-year extension in 2004 of the Alyeska pipeline permits for operations, the opening of the National Petroleum Reserve, and the active interest in the offshore leases make clear that oil extraction and transport will be ongoing for many decades. There is also a projected increase in shipping through the Arctic. While these developments continue, the risk of another major oil spill remains a possibility. OSRI funded research products are expected to help prevent and reduce effects of such spills and will certainly be used well into the future.

### 1.2 Research and Development (R&D) Programs

OSRI's research programs are guided by the OPA'90 legislation, and its Strategic and Research Plans. The Strategic plan includes the program goals and objectives, and is reviewed every five years. The first Research plan was developed after the OSRI Advisory Board received recommendations in October 2002 from a National Research Council committee on OSRI's early programs. The Science plan is revised every five years after the review of the Strategic plan is completed, and focuses on the goals outlined in the Strategic plan. The present goals are as follows.

**Understand: Attain an interdisciplinary understanding of Arctic and sub-Arctic marine environments as it pertains to: the baseline; the source, fate, and effects of spilled oil; and the recovery of those environments following a spill by:**

- Evaluate short and long-term effects
- Identify chemical, biological, and physical impacts and consequences
- Emphasize the nearshore region
- Identify the impacts of oil spill response options
- Evaluate impacts from oil spills on the economy, lifestyle and well-being of people and the resiliency of communities and resource users
- Achieve long-term coastal and ocean observing capabilities

**Respond: Enhance oil spill response and mitigation capabilities in Arctic and sub-Arctic marine environments by:**

- identifying and evaluating new prevention and response technologies
- filling knowledge gaps on behavior of spilled oil

**Inform: Share information and educate the public on the issues of oil spill prevention, response and impacts by:**

- Publishing scientific and technical results in the open literature
- Brief the response community on OSRI products
- Facilitating the exchange of information and ideas through workshops and other forums
- Educate future researchers and responders through K-12 programs, undergraduate internships, and graduate fellowships
- Convey information to the general public through various media
- Be a source of expertise

**Partner: Partner with other organizations to take advantage of shared funding, facilities, knowledge, and expertise by:**

- Coordinate with other efforts related to OSRI's mission
- Expand OSRI's involvement in Arctic research through partnership opportunities

An [Annual Work Plan](#) is developed by the Research Program Manager in collaboration with Board members and also advice from the Scientific and Technical Committee, and is based on the Research Plan. It is adopted by the Board at its annual fall meeting.

**1.3 OSRI Organization and Contacts**

For additional information not provided here, or for scientific or technical aspects of the proposal, applicants may contact:

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## **2.0 OSRI Awards**

### **2.1 Basic Policy and Procedures**

#### **2.1.1 Background**

In administering its research and development (R&D) program, OSRI adopts the basic policies and procedures of the National Science Foundation (NSF) as they apply to the types of grants and projects that OSRI will support. This approach is taken to ensure that OSRI follows federally established guidelines for managing this type of program. The NSF Grant Policy Manual (GPM) and Grant Standard Conditions were utilized in compilation of information for this document. The NOAA Undersea Research Program's guidelines were also used as a reference in compiling this policy manual.

#### **2.1.2 Team Research**

OSRI is emphasizing team science for both technology and ecology projects. Cooperative proposals between researchers and users (industry, government and the public) are strongly encouraged. Cooperation is best demonstrated by having strong endorsements from user groups and, preferably, providing some cost sharing support for the effort. Cost sharing with real dollars is important to OSRI since our base of funding is inadequate to achieve our goals without building long-term, multi-sponsor programs.

A second characteristic that OSRI encourages is the formation of multi-disciplinary, multi-organizational teams of researchers including a balance of physicists and biologists, ocean observers and modelers, and technologists. Teams using a bioregional, public decision-making process to establish missions, goals and science and implementation plans will rank highest among applicants.

### **2.2 OSRI-Grantee Relationships**

#### **2.2.1 Background**

OSRI may assist in forming teams where necessary, take an active part in convening workshops to address important issues, participate in assessments of research issues and planning, identify potential team members, and summarize and disseminate results.

#### **2.2.2 Roles and Responsibilities**

A PRINCIPAL INVESTIGATOR (PI) or PROJECT DIRECTOR (PD) is the individual designated by the grantee, and approved by OSRI, who will be responsible for the overall scientific or technical direction and coordination of the project. The PI must have stature in the field of interest.

A CONTRACTING OFFICER (CO) is the OSRI Research Program Manager, unless another individual is designated by the OSRI Executive Director. The Contracting Officer will manage the grant award process and implementation of the grant, and acts as a point-of-contact at OSRI for the grantee.

An AWARDEE is the organization, corporation or individual that receives a grant or contract and assumes legal and financial responsibility and accountability both for the awarded funds and for the performance of the grant-supported activity. OSRI grants and contracts are normally made to an institution, organization or corporation rather than to an individual PI. However, allocations or sub-contracts within the grant or contract will be determined by the PI.

### **2.3 Grant Definitions**



### **2.3.1 Grants**

A GRANT is an assistance award and a legal instrument which permits the transfer money, property, services or other things of value to a grantee. Grants are the primary mechanism of OSRI support. OSRI awards the following types of grants:

1. A STANDARD GRANT is a type of grant in which OSRI agrees to provide a specific level of support for a specified period of time with no statement of OSRI intent to provide additional future support without submission of another proposal.
2. A CONTINUING GRANT is a type of grant in which OSRI agrees to provide a specific level of support for an initial specified period of time, usually a year, with a statement of intent to provide additional support of the project for additional periods, provided funds are available and the results achieved warrant further support.

Grants may be implemented as Contracts, Cooperative Agreements, or Service Agreements.

### **2.3.2 Contracts**

A CONTRACT is used to award a grant producing a specific product or deliverable. The contract details the scope of work, the deliverables and a specific timetable for completion. It will also detail the payment schedule.

### **2.3.3 Cooperative Agreements**

A Cooperative Agreement is used when the accomplishment of the project objectives require substantial cooperation between OSRI and other sponsoring organizations that have mutual interests. All cooperative agreements will state the nature and extent of expected OSRI involvement to ensure that the responsibilities of each party are fully understood.

Cooperative Agreement Acceptance. All cooperative agreements must be signed by an Authorized Organizational Representative of the recipient organization before the agreement becomes binding.

### **2.3.4 Partnership Agreements**

A partnership agreement is used to accomplish projects where a partner is the lead and OSRI's sole responsibility is to provide a portion of the funding. In these cases an agreement can be set up that includes a statement of work and budget for the project, along with a statement of the amount OSRI is to contribute to the partnership.

### **2.3.5 Service Agreements**

A Service Agreement is used when a well-defined service from a business or organization is required. Service agreements may include, but are not limited to, website maintenance, OSRI report publication, and sponsorship of workshops. The service must be of a routine nature so that it does not warrant external review, and result in tangible events or products.

## **2.4 Award Mechanisms**

Contracts or agreements may be administered as either cost reimbursement or fixed amount awards.

Cost Reimbursement awards are those in which OSRI agrees to reimburse the grantee for work performed and/or costs incurred by the grantee up to the total amount specified in the grant. Such costs must be allowable in accordance with the applicable cost principles (e.g., Office of Management Budget Circular A-21 Cost Principles for Educational Institutions or A-122 Cost Principles for Non-Profit Organizations). Accountability is based primarily on technical progress, financial accounting, and fiscal reporting. Accountability of cost reimbursement service agreements will be based on results. Except under certain programs and under special circumstances, OSRI awards are normally cost reimbursement-type awards.

A Fixed Amount Award is used when OSRI agrees to provide a specific level of support for a project. The award amount is negotiated using the applicable cost principles or other pricing information as a guide. This type of grant reduces some of the administrative burden and record-keeping requirements for both the grantee and OSRI. It is designed to give the PI the maximum amount of flexibility in spending to accomplish the goals. There typically is a requirement for the grantee to certify that the approximate number of person-months or other activity called for in the grant was performed. Payments are based on meeting general requirements of the grant, and accountability is based primarily on technical performance and results.

## 2.5 Award Categories

Awards are divided into three categories, as follows:

**Large - \$100,000 and over per year** – These awards require approval by the OSRI Advisory Board after receipt of three independent peer reviews and a recommendation by the OSRI Scientific and Technical Committee.

**Medium – greater than or equal to \$25,000 and less than \$100,000 per year** – These awards require approval by the OSRI Research Program Manager, the Executive Director, and concurrence from the Scientific and Technical Committee after receipt of three independent peer reviews. When there is not agreement on a recommendation for approval among these parties, the award decision is deferred to the Advisory Board.

**Small – less than \$25,000 per year** – These awards require approval by the OSRI Research Program Manager and the Executive Director with concurrence from the Scientific and Technical Committee. Independent reviews may be sought, but are not required, before recommending funding.

**Fellowships** These awards require approval by the OSRI Research Program Manager and the Executive Director with concurrence from the Scientific and Technical Committee. Independent reviews will be sought before recommending funding.

## 2.6 Grant Documents

### **2.6.1 Contracts**

The following documents comprise an OSRI contract instrument:

- The award contract, including any special conditions applicable to the award;
- The budget, which indicates the amounts, by categories of expense, on which OSRI has based its support;
- The proposal referenced in the award contract;
- The applicable OSRI conditions referenced in the award contract (see Section 2.7 OSRI Award Conditions, for listing); and
- Any OSRI program announcement/solicitation or other document incorporated by reference in the award contract.

### **2.6.2 Cooperative agreement**

The following documents comprise an OSRI cooperative agreement instrument:

- A cooperative agreement, memorandum of understanding, or memorandum of agreement, signed by the Executive Director of OSRI and the authorized representative of other parties in the agreement. The document will outline the roles and responsibilities of each organization.
- The budget, which indicates the amounts, by categories of expense, on which OSRI has based its support.

### **2.6.3 Partnership agreement**

The following document comprises an OSRI Partnership agreement instrument:

- A statement of work that outlines the service to be accomplished, delivery schedule, and the cost to OSRI.

#### **2.6.4 Service agreement**

The following document comprises an OSRI Service agreement instrument:

- A statement of work that outlines the service to be accomplished, delivery schedule, and the cost to OSRI.

#### **2.7 OSRI Award Conditions**

Each OSRI award contract may have specific conditions which are applicable to and become part of that award. When these conditions reference a particular section of this manual, that section becomes part of the award requirements through incorporation by reference.

Cooperative agreement conditions will be detailed in the cooperative agreement. Service agreement conditions will be detailed in the statement of work.

#### **2.8 Award Periods**

##### **2.8.1 Definitions**

EFFECTIVE DATE is the date specified in the award contract on or after which, except for fixed amount awards, expenditures may be charged to the contract. If no effective date is specified, then the date of the award letter is the effective date.

EXPIRATION DATE is the date specified in the award contract after which expenditures may not be charged against the contract except to satisfy obligations to pay allowable project costs committed on or before that date.

AWARD PERIOD is the period of time between the effective date and the expiration date of an OSRI award shown as the duration.

##### **2.8.2 Significance of Award Period**

Except in fixed amount awards, an OSRI award gives authority to the grantee to commit and expend funds for allowable costs (see Section 8.0) in support of the project up to the grant amount specified in the award letter at any time during the grant period.

##### **2.8.3 Changes in Award Effective Dates**

###### **Effective Date**

The effective date of an award will not be changed unless it is justified by exceptional circumstances. Any request to change the effective date must contain such justification and be signed by the PI and CO. One copy of the request should be transmitted to the OSRI Contracting Officer. If approved, the OSRI Contracting Officer will issue an amendment to the grant contract. No other commitments regarding effective dates are valid.

###### **Expiration Date**

The expiration date may be changed as a result of approval of a request for a no-cost extension, or, in some cases, for supplemental support to the contract. If approved, the OSRI Contracting Officer will issue an amendment to the award.

###### **No Cost Extensions**

If additional time beyond the established expiration date is required by the grantee, to assure adequate completion of the original scope of work within the funds already made available, a formal request must be submitted to OSRI at least one month before the expiration date of the grant. The request must explain the need for the extension and include an estimate of the unobligated funds remaining and a plan for their use. That unobligated funds may remain at the expiration of the grant contract is not in itself sufficient justification for an extension. The plan must adhere to the previously approved objectives of the project.

Any approved no-cost extension will be issued by an OSRI Contracting Officer in the form of an amendment to the grant contract specifying a new expiration date. Grantees are cautioned not to

make new commitments or incur new expenditures after the expiration date in anticipation of a no-cost extension.

## 2.9 Additional Funding Support

### **2.9.1 Supplemental Support**

In unusual circumstances, small amounts (less than \$25,000) of supplemental funding may be requested to assure adequate completion of the original scope of work. Such requests for supplemental funding support should be submitted to the OSRI Contracting Officer at least two months prior to the need for the additional funds and must be adequately justified. The OSRI Research Program Manager and Executive Director will make decisions regarding the supplemental request. Requests for supplements may not exceed \$25,000 or 25% of the original grant value, whichever is lower.

A request for supplemental support should include:

- 1) A brief justification of need; and
- 2) A signed budget, Summary Proposal Budget (Appendix F), highlighting the use by budget category of the additional funding as distinguished from the original funding provided in those categories of cost. One copy of the request should be submitted.

OSRI will not approve requests for supplemental support for such purposes as defraying the costs of increases in salaries, wages, or staff benefits or for additional indirect cost reimbursement, whether caused by a change in the indirect cost rate or by changes in direct cost expenditures which affect the indirect cost base. (See Maximum Obligation in Section 8.1.2).

If approved by the OSRI Research Program Manager and Executive Director, the grant or contract will be amended to provide additional funding for the current support period. The amendment letter will specify both the amount of supplemental funding and the cumulative amount awarded through the expiration date. Only in exceptional cases will more than one supplement be approved.

## **3.0 Submitting Proposals**

### **3.1 Background**

Programs targeted for support for each fiscal year are adopted by the OSRI Advisory Board through approval of an Annual Work Plan. This usually occurs at the fall Board meeting held in September or October. The Annual Work Plan is developed by the Research Program Manager working in collaboration with Board members appointed to the Work Plan Committee, and with the Scientific and Technical Committee. The basis for the Annual Work Plan is the current Research Plan.

Requests for Proposals (RFPs) may be developed to solicit proposals for specific projects listed in the work plan. These RFPs may be issued independently by OSRI or in partnership with other entities such as the Coastal Research Response Center and the North Pacific Research Board. Protocols for current partnerships and the proposal submittal and review process for those partnerships are detailed in Appendix L. The RFPs are posted at the OSRI web site and advertised externally as appropriate to the topic. Proposal grant applications are accepted from individuals, organizations and businesses, nationally and internationally.

Proposal requirements vary depending on the size and type of the grant. There are three types of award programs:

Large - \$100,000 and over per year

Medium -  $\geq$  \$25,000 and  $<$  \$100,000 per year

Small -  $<$  \$25,000 per year

#### **3.1.1 Application Procedures**

The application procedures for each grant program are detailed below.

All proposals must be submitted in a 12 point type size. An electronic copy of the proposal with signatures must be submitted to OSRI, OR an electronic copy can be submitted without signatures and a signed version mailed to OSRI. Acceptable electronic formats include Word, PDF, Powerpoint and Excel.

Proposals not consistent with these instructions will be returned without further consideration by OSRI. Proposers may deviate from these instructions only to the extent stated in the RFP to which the proposer is responding. Any further deviations must be authorized by OSRI in writing.

### **3.2 Large proposals (\$100,000 and over)**

Large awards may require a pre-proposal submittal. If this is a requirement, it will be stated in the RFP for the project. If a pre-proposal requirement is not stated in the RFP, applicants may go directly to section 3.2.2 .

#### **3.2.1 Pre-proposals**

Pre-proposals may be required for awards of more than \$100,000. A pre-proposal is a short description of the team and the project for initial screening. OSRI may use this step to provide advice to participants in project planning. The pre-proposal is intended to be a screen for the types of projects likely to be funded by the Board.

Pre-proposals consist of a one to five-page paper summarizing the concept behind the research. In addition, each proposal will identify the team members' qualifications that justify their roles in meeting the goals of the research. Instructions for pre-proposal submission will be detailed in the RFP and also, criteria for evaluating whether to invite a full proposal.

The Research Program Manager will conduct a review of the pre-proposals based on the criteria established in the RFP. The Research Program Manager will also solicit the advice of the Scientific and Technical Committee before responding to each pre-proposal in writing with one of the following decisions:

1. Invitation to submit a full proposal;
2. Request for additional information; or
3. Denial.

All teams invited to submit full proposals will be assigned an OSRI contact to assist in the process. In cases where the pre-proposal has merit but is incomplete or inadequate in some manner, OSRI staff may request additional information before making a decision. Denial of a pre-proposal ends the proposer's eligibility to submit a full proposal to the Board. An invitation to submit a full proposal does not guarantee funding.

#### Appeal process

If the applicant believes that the staff has erred in interpreting OSRI criteria, they may appeal the decision in writing to the Board within 30 days of the date on the denial letter. At the next regularly scheduled meeting of the OSRI Advisory Board, the Board will review the decision and either concur with it or decide to invite submittal of a full proposal.

#### **3.2.2 Proposal Format for Large award full proposals**

Application instructions for full large award proposals are found in Appendix D.

1. Cover letter on organization letterhead
2. Cover sheet
3. Proposal Summary/Abstract (no longer than 1 page)
4. Project Description - Detail objectives/goals, linkage to OSRI's mission and goals, methods, timeline and results or products expected (no more than 15 pages)
5. Only if applicable: A description of the research team with a discussion of the goals, coordination, individual responsibilities, and group responsibilities. (Required for multiple investigator grants)
6. Curriculum Vitae including a one or two-page biographical sketch for principal investigators and/or project directors.
7. References cited and/or letters of reference, as appropriate to the project.
8. Project Budget
9. Suggested reviewers with contact information; include up to five names.

### 3.3 Other proposals and Fellowships (under \$100,000)

#### **3.3.1 Other proposals requesting less than \$100,000**

All proposals must include:

1. Cover letter on organization letterhead
2. Cover sheet
3. Proposal Summary/Abstract (no longer than 1 page)
4. Project Description - Detail objectives/goals, linkage to OSRI's mission and goals, methods, timeline and the results and/or products expected (no more than 15 pages)
5. Only if applicable: A description of the research team with a discussion of the goals, coordination, individual responsibilities, and group responsibilities. (Required for multiple investigator grants)
6. Resume or Curriculum Vitae for project directors or principal investigators
7. References cited and/or letters of reference, as appropriate to the project
8. Project Budget
9. Suggested reviewers with contact information; include up to five names.

Proposal application forms are located in Appendix D for all proposals under \$100,000.

### **3.3.2 Fellowships**

The OSRI Graduate Research Fellowship (GRF) Program offers qualified masters and doctoral students the opportunity to address scientific questions of significance to OSRI's mission. The intended result is high-quality research focused on questions or problems related to oil spill response and recovery issues. Proposal application forms are located in Appendix D. Details describing the Graduate Research Fellowship Program can be found on the OSRI website or Appendix E.

### **3.3.3 Continuing projects**

Proposals funded for multiple years need to provide the following materials 30 days prior to the award anniversary date.

1. An annual report describing the work done in the past year as described in section 5.2.
2. A statement of work outlining the work to be done in the upcoming year.
3. A budget for the upcoming year.

## **3.4 Unsolicited Proposals**

Proposals may be submitted without reference to a specific Broad Area Announcement (BAA) or Request for Proposals (RFP). Unsolicited proposals must meet three criteria to be processed through the normal proposal review detailed in section 3.5. First, the proposal must be deemed time-sensitive and to fall within the scope of OSRI's mission by the Research Program Manager and the Executive Director. Second, the proposal must be submitted by a non-profit entity, university or government agency. Third, funds must be available in the current budget year to support the project. Unsolicited proposals which meet all three of these criteria may be processed through the normal proposal review described in Sections 3.5.

Unsolicited and time-sensitive proposals received from individual businesses or non-public entities may result in the issuance of a special Broad Area Announcement or Request for Proposals. The OSRI Research Program Manager will determine whether the proposal meets the time-sensitive criteria. Only after issuance of the BAA or RFP will the proposal then proceed through the normal proposal review.

All other unsolicited proposals – whether from private or public entities – will be referred to the work plan committee for the upcoming fiscal year and projects related to the proposal may be included in the following year's work plan.

## **3.5 Proposal Review Process – New and Continuing projects**

### **3.5.1 Background**

All new large and medium proposals will be evaluated by at least three individual peer reviewers through a mail review based on criteria put forth in the RFP. All proposals received by OSRI, along with peer review comments and the combined OSRI Research Program Manager's and Executive Director's recommendation, will be reviewed by the Scientific and Technical Committee. Whenever a proposal or contract renewal is considered for award to the PWSSC, the Executive Director shall recuse him/herself and either the OSRI Board Chair or Vice-Chair shall replace the Executive Director in the recommendation and decision-making process.

The packet of materials for continuing proposals will be evaluated by the Research Program Manager and at least two members of the Scientific and Technical Committee.

The proposal evaluation criteria will depend on the type of project sought, but generally includes the following:

**Need.** Does this research and development fill a gap in our technology or understanding? How will it reduce risk of spills or reduce damage from spills, improve our understanding of ecosystem

recovery from spills, or disseminate information on issues of oil spill prevention, response, and impacts? How does this project relate to the OSRI Research and Work Plans?

**Benefits.** How will filling this gap help improve oil spill prevention and response? How broad of a community will be impacted by this project? Does the technology or understanding have more widespread application than for oil pollution? How will results be disseminated?

**Scientific and Technical Competency.** Are the proposed methods the best available to achieve the purposes intended within the funds available? Are the proposed methods robust, efficient and cost effective? Is this a significant advance in technology and/or contribution to scientific knowledge?

**Implementation.** If this research fills a gap in technology or understanding, when and how will it be implemented by users? Has the user made a commitment to implement the new technology or understanding?

**Financial Matching.** Matching funds for all projects are strongly encouraged, although not always a requirement. Such funds are considered important criteria when reviewing the proposal. OSRI may award funding contingent upon the proposer finding additional sponsors (a challenge award).

**Experience.** The project team members should have demonstrated ability to perform the project tasks. Teams must have expertise in the critical technologies needed to implement the research and team members who have standards for high production.

**Milestones.** Proposals must define a time schedule for major products that can be used to evaluate progress toward completion.

**Team Efforts.** OSRI seeks teams that will establish internal responsibilities for participants to meet milestones. Team development must be based upon commitment of all participants to the project goals and proposers are encouraged to develop partnerships with individuals from other organizations.

### **3.5.2 Review and decision process for proposals under \$25,000**

Decisions for all small awards are made by the OSRI Research Program Manager and the Executive Director with the concurrence of the Scientific and Technical Committee. Independent peer reviews may be sought, but are not required. Fellowship applications will be externally reviewed.

### **3.5.2 Review and decision process for proposals greater than or equal to \$25,000 and under \$100,000**

Decisions for all medium awards are made by the OSRI Research Program Manager, the Executive Director and the Scientific and Technical Committee (STC) after receipt of three independent peer reviews. The OSRI Research Program Manager and the Executive Director shall discuss the independent reviews and make a joint recommendation regarding award or rejection which is submitted to the Scientific and Technical Committee. This recommendation and the peer reviews are then reviewed by the STC. If the STC concurs with the Research Program Manager's and Executive Director's recommendation, it is implemented. If there is not concurrence, consideration of the award is referred to the Board for action within 45 days of the committee's decision.

### **3.5.3 Large proposals (\$100,000 or more) review process**

Decisions for all large awards – other than partnership program awards - are made by the OSRI Advisory Board after receipt of three independent peer reviews and the recommendation by the OSRI Scientific and Technical Committee (STC). The OSRI Research Program Manager and the



Executive Director shall discuss the independent reviews and make a joint recommendation regarding award or rejection which is then submitted to the Scientific and Technical Committee. This recommendation and the peer reviews are considered by the Committee and a committee recommendation is made to:

- 1) Approve;
- 2) Reconsider after revision; or
- 3) Reject.

Those proposals recommended for approval will be forwarded to the Advisory Board for a final decision to award and fund the project. If approved by the Board, the OSRI staff will enter into contract negotiations.

Proposals recommended for reconsideration after revision will be returned to the applicant with copies of the reviews. The applicant may choose to resubmit a revised proposal. Only proposals that are recommended for approval by the Scientific & Technical Committee will be forwarded to the Board for funding.

#### **3.5.4. Solicitations made through partnerships**

Solicitations for proposals may be approved by the Advisory Board in partnership with other entities, for example, the Coastal Resources Research Center or North Pacific Research Board. For reoccurring solicitations a description of the purpose of the partnership and details regarding the solicitation, review and award process must be approved by the Advisory Board. All current partnership protocols are included in the appendices of this Grant Policy Manual.

All proposals funded by OSRI in partnership with another organization will be reviewed and approved by the Research Program Manager, Executive Director and have the approval of the Scientific and Technical Committee.

#### **3.5.5 Continuing or multi-year projects**

Continuing or multi-year projects are defined as either those included in the current Science Plan or proposals which described a multi-year project. Prior to the award of a contract for these projects, they are peer reviewed as described in Section 3.5.2 or 3.5.3. Funding after the first year may be awarded after (1) receipt and approval by the Research Program Manager of a project annual report, a work statement with deliverables and a budget for the new year's contract. The annual report (for the previous year's work), work statement and budget (for the future/continuing year work) must also be reviewed and approved by the Research Program Manager, Executive Director and, at least, two members of the Scientific and Technical Committee. All materials for continuing awards must be received a month prior to the award anniversary date to ensure funding continuity.

#### **3.6 Confidentiality**

All proposals received are confidential and copies are only released to peer reviewers and OSRI review staff including the Advisory Board and Scientific and Technical Committee. The identity of peer reviewers remains confidential.

After the deadline for a Broad Area Announcement or Request for Proposal has passed, and during the peer review process, the total number of proposals received will be made public through the OSRI web site or through other means. Identities of those submitting proposals and the amounts requested in their proposals remains confidential.

Decisions regarding contract awards will be posted on the OSRI web site or through other means, listing the company/organization, principal investigator/project director and amount awarded. After contract award, an abstract of the proposal receiving a contract and the dollar value of the contract is available to anyone requesting it.

A list of proposals not awarded will be available for public release immediately following contract award decisions. This list will include the title, proposer's name and organization affiliation, and the amount requested.

Copies of all proposals received are kept on file, but held in confidence, for three months following award decisions unless a timely appeal has been filed. Denied proposals will be destroyed. Proposals which are awarded contracts are retained in the contract file and remain on file for, at least, three years after completion of the project.

### 3.7 Impartiality

The procedures for evaluating proposals are designed to insure fairness between each applicant for a grant, contract or award. OSRI is committed to equal opportunity for all applicants including the Prince William Sound Science Center. There may be situations where the Prince William Sound Science Center is an applicant, and because of the relationship between the Center and the Oil Spill Recovery Institute (where the Center is charged with administering the Institute), the following procedures are adopted. The Executive Director's role in review and recommendation of possible awards to the Prince William Sound Science Center is replaced by either the OSRI Board Chair or Vice-Chair.

### 3.8 Appeal process

If the applicant(s) believe that the review process erred, they may appeal the decision to the Advisory Board in writing within 60 days of the denial letter being sent. The applicant must first request further explanation from the OSRI contracting officer and then may submit a letter to the OSRI Executive Director requesting review by the Advisory Board. At the next scheduled Advisory Board meeting, the Board will decide to approve or deny the appeal. See Section 10.1 for a detailed description of the appeal process.

## **4.0 Award Administration**

This section implements various requirements contained in the federal Office of Management and Budget (OMB) 2 CFR 200 Super Circular and is applicable to all OSRI awards.

### **4.1 Monitoring Project Performance**

#### **4.1.1 Awardee Responsibilities**

An awardee has full responsibility for the conduct of the project or activity supported under an OSRI award and for the results achieved. The awardee should monitor the performance of the project to assure adherence to performance goals, time schedules, or other requirements as appropriate to the project or the terms of the grant. To carry out these responsibilities, each awardee shall agree to comply with the applicable federal requirements for awards and to the prudent management of all expenditures and actions affecting the award.

Documentation is required for each expenditure of the award. All expenditures must be:

1. Consistent with award terms and conditions;
2. Consistent with OSRI and awardee policies;
3. Represent effective utilization of resources; and
4. Not constitute a change in objective or scope.

OSRI, through authorized representatives, has the right, at all reasonable times and with prior notice, to make site visits to review project accomplishments, awardee management control systems, and administration and management of the award; and to provide technical assistance as may be required. If any site visit is made by the Institute on the premises of the awardee or a subawardee under an award, the awardee shall provide and shall require its subawardees to provide all reasonable facilities and assistance for the safety and convenience of the OSRI representatives.

### **4.2 Changes in Project Direction or Management**

#### **4.2.1 Changes in Objectives or Scope**

Neither the phenomena under study nor the objectives of the project stated in the proposal or agreed modifications thereto may be changed without prior OSRI approval. Such changes must be proposed in a written communication to, and approved by the OSRI Contracting Officer who will then issue an amendment for the award.

#### **4.2.2 Changes in Methodology**

OSRI believes that the PI, operating within the established policies of the awardee organization, should feel free to pursue interesting and important leads which may arise during the conduct of a research (or other award-supported) project or to adopt an alternative approach which appears to be a more promising means of achieving the objectives of the project. However, significant changes in methods or procedures must be reported to appropriate awardee official(s) and to the OSRI Contracting Officer.

#### **4.2.3 Significant Changes, Delays, or Events of Unusual Interest**

In the event there are problems, delays, or adverse conditions that will materially affect the ability to attain the objectives of the project or to meet such time schedules as may have been proposed, appropriate awardee officials should notify the OSRI Contracting Officer in writing.

OSRI should be informed of any events of unusual interest which occur during the course of the project. Reports, communications, or photographs may be directed to the OSRI Contracting Officer.

#### **4.2.4 Changes in PI Devoted to the Project**

The OSRI decision to support or not to support a proposed project is based to a considerable extent upon its evaluation of the proposed PI's knowledge of the field of study and his/her capabilities to conduct the project in an efficient and productive manner. The named PI should be continuously responsible for the conduct of the project and be closely involved with the effort.

If the named PI plans to, or becomes aware that he/she will: (a) devote substantially more or less effort to the work than anticipated in the approved proposal; (b) sever his/her connection with the grantee organization; or (c) otherwise relinquish active direction of the project, he/she shall initiate action appropriate to the situation under the guidelines which follow.

#### **Short-Term Absence of the PI**

If the named PI will be absent from the project for short periods of up to three months, he/she shall notify appropriate officials of the awardee organization and the OSRI Contracting Officer of arrangements for conduct of the project during his/her temporary absence.

#### **Long-Term Absence of PI**

In the event the named PI will be away from the project for a period greater than three months (e.g. sabbatical leave) but intends to return, arrangements for oversight of the project shall be sent to OSRI for approval. This information shall be provided at least 30 days before departure or as soon as practicable after the prospective absence is known. It should be endorsed by the appropriate representative of the awardee organization and addressed to the OSRI Contracting Officer. The OSRI Contracting Officer will provide written approval if the arrangements are satisfactory, but no formal amendment to the award will be made. If the arrangements are not satisfactory to OSRI, the award may be terminated as prescribed in Section 10.2 Suspension and Termination Procedures; or, if the PI's temporary activities might constitute a conflict of interest, a substitute PI shall be appointed as described under Substitute PI below.

#### **Withdrawal of PI**

In the event the named PI severs his/her connection with the awardee organization or otherwise relinquishes active direction of the project, a representative of the awardee organization or the PI must notify the OSRI Contracting Officer, and either: Initiate grant closeout procedures through submission of final reports (see Section 5.3 Final Project Report and Section 6.6.3 Final Project Report; or Nominate a substitute as described under Substitute PI below.

#### **Substitute PI**

In the event the awardee desires to continue the project with a substitute PI, the representative of the awardee organization should advise the OSRI Contracting Officer of the substitute PI's name, qualifications, and current and pending support for research from all sources. The recommended substitute PI shall countersign the notification letter to the OSRI Contracting Officer from the awardee organization nominating the substitute PI. If approved by the OSRI Executive Director and Research Program Manager, the Contracting Officer will amend the award. If not approved, OSRI may take steps, pursuant to Section 10.2 Suspension and Termination Procedures to suspend or terminate the award.

#### **4.2.5 Disposition of an Award when PI Transfers to a New Organization**

Policy. When a PI plans to leave an organization during the course of an award, the organization has the prerogative to nominate a substitute PI or request that the award be terminated and closed out. In those cases where the PI's original and new organizations agree, OSRI will facilitate a transfer of the grant and the assignment of remaining unobligated funds to the PI's new organization. This should normally be done with a tripartite agreement (involving OSRI and the PI's original organization and the new organization), or by a subaward arrangement (in certain circumstances) between the PI's original and new organizations, subject to OSRI's consent. (See Contracting or Transferring the Project Effort: Subawards) below.

Procedures. When a PI plans to leave an organization during the course of an award, the PI's organization shall notify OSRI. If the project is to continue with the original organization, the OSRI Contracting Officer should advise the awardee to nominate a substitute PI (see Substitute PI below). If the project is to be continued at the PI's new organization, and if OSRI and both organizations agree, written notification of the impending transfer countersigned by a representative of the awardee organization of both the original and new organizations shall be made to OSRI. The request for transfer shall also be accompanied by:

1. A summary of progress to date;
2. A description of work yet to be accomplished; and
3. A budget for the amount to be transferred.

Signing of the request constitutes agreement by the new organization to assume responsibility for completion of the project effort and to administer the award (as originally awarded) from the transfer date to completion in accordance with any special terms and conditions and the applicable general terms and conditions that normally govern OSRI awards made to the new organization.

Fund Transfer. Upon receipt of the above material, OSRI will review the request and, if approved, deduct the specified transfer amount from the original award and re-establish it under a new award number at the new organization. Required certification page and contract documents shall be prepared by OSRI staff and signed by both the PI and a representative of the new organization. Signature of the OSRI Contracting Officer will constitute formal ratification of the award transfer. At that time, the Contracting Officer will also specify the applicable basic terms and conditions to govern the award.

Equipment Transfers. Equipment purchased with OSRI funds for use in a specific project should remain available for use for the duration of the project. PI's who are in the midst of projects that included funding for equipment and who will continue the project at a new organization with OSRI support should be able to arrange with their original organization to have the equipment transferred with them. Shipping costs for such equipment may be charged to the original or transferred award as an allowable cost. Budgets should not include funds to "buy" equipment that had been previously obtained with OSRI funds.

Possible Alternatives to the Transfer Process. When the amount of time and funds remaining in a project are modest, and if both the original and new organizations are in agreement, the original organization may issue a subaward to the new organization for completion of the project. This and other possible alternatives should be discussed with the OSRI Contracting Officer.

#### **4.2.6 Contracting or Transferring the Project Effort (Subawards)**

Excluding the procurement of items such as commercially available supplies, materials, or general support services allowable under the grant, no significant part of the research or substantive effort under an OSRI grant may be contracted or otherwise transferred to another organization without prior OSRI authorization. The intent to enter into such arrangements should be disclosed in the proposal submission.

If it becomes necessary to contract or otherwise transfer a significant part of the research or substantive effort after an award has been made, the grantee shall submit, at a minimum, to the OSRI Contracting Officer:

1. A clear description of the work to be performed;
2. The basis for selection of the subawardee; and
3. A budget in the prescribed OSRI format for each subaward.

The request shall be signed by the PI and endorsed by an authorized representative of the awardee organization. OSRI authorization will be indicated by an amendment to the award signed

by the Contracting Officer. The OSRI grant will identify which OSRI grant conditions should be included in subawards.

Procurements under OSRI awards are also subject to Section 7.4 Procurement Standards and OMB 2 CFR 200 Super Circular.

### 4.3 Changes in the Budget

#### **4.3.1 Award and Contract Changes and Approvals**

If required in furtherance of the project, the awardee is authorized to transfer funds from one budget line item category to another for allowable expenditures as long as the sum of all transfers do not exceed 10% of the original total budget or \$2,000, whichever is greater. Prior approval from OSRI is required to transfer funds from direct costs to indirect costs. The amount and reason for these budget transfers must be reported in the next project report. Requests for budget transfers beyond those described must be approved by the OSRI Contracting Officer. A budget transfer request may be submitted via email and should clearly state which budget items, if any, are to be changed and by what amounts, and should explain the reasons for any changes. Approval or denial of budget amendments will be returned to the awardee in writing by the OSRI Contracting Officer.

### 4.4 Cost Sharing and Matching

Cost sharing and matching funding is strongly encouraged for all OSRI supported projects. Although it is only a requirement if detailed in the specific Request for Proposals, all applicants are encouraged to pursue matching or cost sharing funding sources.

#### **4.4.1 Cost Sharing Definitions**

##### OMB Directive

OMB 2 CFR 200 Super Circular prescribes criteria and procedures for allowable cash and in-kind contributions in satisfying cost sharing and matching requirements, as may be detailed in Requests for Proposals for specific programs.

#### **4.4.2 Significance of Cost Sharing Promises in Proposals**

Even if not required by a particular program announcement/solicitation, a promise of cost sharing by a prospective grantee may be a significant factor in OSRI's funding decision and may be made a specific condition of the award.

#### **4.4.3 OSRI Cost Sharing**

##### **Cost Sharing Amount**

OSRI encourages awardees to share in the costs at a level which reflects their interest in the research, the potential benefits they may derive, and their ability to cost share.

##### **Method of Providing Contributions**

The contributions may be in the form of either direct or indirect costs. Only items which would be allowable under the applicable cost principles, if charged to the project, may be included as the awardee's contribution.

Organizations will not be required to obtain prior OSRI approval of the manner in which contributions are to be provided. The contributions may be in any allowable budget category or combination of categories. However, when direct cost items are contributed to the project, any indirect costs related to that item may not be charged to the project. Those indirect costs may, however, be counted as part of the contribution. This restriction also applies to fringe benefits (when treated as direct costs) applicable to direct salaries contributed by the recipient.

If an awardee wishes to provide cost sharing in the indirect cost category, it should merely reduce its claim for indirect costs to which it would be otherwise entitled, indicating the difference as cost sharing.

## **Cost Sharing Records and Reports**

### Awardee Records

Awardees shall maintain records of all research project costs which are claimed by the awardee as being its contribution to cost participation, as well as records of costs to be paid by OSRI. Such records are subject to audit.

If the awardee's cost participation includes in-kind contributions, the basis for determining the valuation for volunteer services and donated property must be documented.

### Awardee Reports

Unless otherwise required by the grant instrument or requested by OSRI, the actual cost participation by the awardee need not be reported to OSRI. However, in cases where awardee cost sharing commitments are \$500,000 or more, the grant or contract instrument will require as a condition of the award, the Authorized representative of the awardee to report and certify the amount of cost sharing on an annual and cumulative basis. These cost sharing reports shall be included as part of the annual progress and final project reports.

## 4.5 Records Retention and Audit

Financial records, supporting documents, statistical records, and other records pertinent to a grant will be retained by the awardee for a period of three years from submission of the Final Project Report described in Section 5.2 Final Project Report except that: Records related to audits, appeals, litigation, or the settlement of claims arising out of the performance of the project will be retained until such audits, appeals, litigation, or claims have been disposed of; will be retained for three years from the end of the awardee's fiscal year in which the awardee's obligations expire.

Unless court action or audit proceedings have been initiated, the awardee may substitute microfilm or electronic copies of original records. The OSRI Director or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the awardee organization (and of the performing organization, if different) to make audits, examinations, excerpts, and transcripts.

Additionally, all OSRI contracts and their subcontractors that receive OSRI Funds in excess of \$500,000. shall follow the single-site auditing requirements set forth in Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.\*

## 5.0 Reporting Requirements

All reports shall be submitted to the OSRI Contracting Officer. Reporting requirements for each grant or contract will be detailed in the award documents. The sections in this chapter describe minimal requirements for these reports. Progress reporting requirements are waived for Cooperative agreements, Partnership agreements, and Service agreements. For Cooperative and partnership agreements the reporting requirement used will be that of the lead agency. For these agreements a minimum of a final report is required to be submitted to OSRI.

### 5.1 Quarterly Progress Reports

All awardees are required to submit quarterly progress reports within 30 days of March 31, June 30, September 30, and December 31. If an annual report or final report is due at the end of the same time period then the quarterly report is not required. These reports will include:

1. Financial Statement – see Appendix I for Excel form which may be used
2. Brief programmatic Progress Report including any presentations given, and the status of papers submitted as part of the project.

The quarterly report form is located in Appendix H.

Invoices to OSRI are required within 90 days of the expenditure.

### 5.2 Annual Progress Reports

For multi-year projects, Principal Investigators are required to submit an annual progress report 30 days prior to the award anniversary date. This report will include:

#### **Annual Financial Statement**

**Non-technical abstract or summary** – The Annual Progress Report must, at a minimum, contain a non-technical abstract or summary that does not exceed two pages and includes an overview of the project. The abstract should describe the nature and significance of the project and progress made toward realizing project goals. The report may be provided to the Advisory Board and could be used by OSRI staff to answer inquiries as to the nature, significance and status of the project.

**Programmatic or Technical Progress Report** that briefly reviews the objectives and reports progress related to these objectives; description of any roadblocks encountered in project implementation; highlight accomplishments and conclusions to date; and a list of all written reports or publications completed or in progress.

The Annual Report Form is located in Appendix J. For financial statement reporting, Appendix I may be used.

The abstract and technical progress report portions of the annual report will be posted on the OSRI website.

For continuing grants awarded for two or more years, progress reports are required annually, no later than 30 days before the anniversary of the effective date of the grant. The progress report is part of the annual request for continued support. Subsequent year contracts will be issued upon receipt and acceptance of the Annual Report and a statement of work with deliverables and budget for the new year's contract.

### 5.3 Final Project Report

Within 45 days following expiration of the grant, a summary Financial Statement shall be submitted to the OSRI Contracting Officer. The final invoice and final financial statement report shall be submitted within 90 days of the grant expiration.



All projects will submit a final Program or Technical report describing the results of their work. The final program or technical report must include a *non-technical abstract/summary* that does not exceed 2 pages and includes an overview of the project. This abstract should describe the nature and significance of the project. It may be provided to the Advisory Board and could be used by OSRI staff to answer inquiries as to the nature and significance of the project.

The Final Report Form is located in Appendix K.

The preferred written product for many awards will be a peer-reviewed publication or manuscript prepared for publication.

#### 5.4 Final Technical Information Items

As soon as they are available after completion of the project, the following technical items shall be submitted for OSRI program management use:

Abstracts of theses;

Publication citations and reprints of articles;

Information on inventions;

Technical description of the project and results; and

Other materials either required in the grant instrument or considered to be useful to OSRI.

#### 5.5 Award Closeout

Award closeout is the process by which OSRI determines that all applicable administrative actions and all required work of the award have been completed. Awards will be closed upon receipt of the final disbursement information in the Final Project Report, and after determination that any other administrative requirements in the award instrument have been met. In the event a final audit has not been performed prior to the closeout of the award, OSRI reserves the right to recover appropriate amounts after fully considering the recommendations on disallowed costs resulting from the final audit.

Failure to provide final program or technical reports will delay OSRI review and processing of any pending proposals for that PI. Ten percent of the total contract value will be held until receipt of a satisfactory Final Project Report, the final invoice, and final financial statement report.

## **6.0 Financial Requirements and Payments**

### **6.1 Background**

The acceptance of an award from OSRI creates a legal duty on the part of the awardee organization to use the funds or property made available in accordance with the conditions of the grant. Payments may be made in advance of work performed or as a reimbursement for work performed and/or costs incurred by the awardee. However, payments may not be made in advance of an award being signed by an award official for the project period. OSRI has a reversionary interest in the unused balance of advance payments in any funds improperly applied (whether or not received as an advance payment); and in property acquired through the award, to which OSRI specifically either retains title or reserves the right to transfer title.

The provisions of this chapter cover all OSRI awards. Graduate Fellowship agreements with domestic colleges and universities are included. All categories of awardees (academic, non-academic, for-profit, and non-profit) are covered by this chapter. The procedures in this chapter apply primarily to the awardee's business or accounting office.

### **6.2 Standards for Financial Management**

OSRI awardees are required to have financial management systems which meet the requirements of OMB 2 CFR 200 Super Circular.

### **6.3 Definitions**

The following definitions are either not included elsewhere in the manual or are repeated in this section because of their special applicability to this chapter.

**BUSINESS OFFICER** is the financial official of the awardee organization who has primary responsibility for the accountability for and reporting on OSRI awarded funds.

**CASH ON HAND** includes OSRI funds on deposit, and undeposited OSRI checks.

**DISBURSEMENTS/OUTLAYS/EXPENDITURES** are charges made to the project during a given period for:

- 1) Goods and other tangible property received; and
- 2) Services performed by employees, subawardees, contractors and other payees.

An **AWARDEE** is the organization or other entity that receives an award and assumes legal and financial responsibility and accountability both for the awarded funds and for the performance of the award-supported activity. OSRI awards are normally made to organizations rather than to individual Principal Investigators or Project Directors.

**OSRI OBLIGATIONS** are funds authorized by an OSRI Contracting Officer, in writing, for payment to an awardee.

**AWARDEE OBLIGATIONS** are the amounts of orders placed, subawards issued, contracts awarded, services received, and similar transactions during a given period that will require payment by the award during the same or a future period.

**PAYMENTS** are monies transferred from OSRI to the awardee by check or direct deposit.

**ENCUMBERED OBLIGATIONS**, for financial reports prepared on a cash basis, represent the amount of obligations incurred by the awardee that have not been paid. For reports prepared on an accrued expenditure basis, encumbered obligations represent the amount of obligations incurred by the awardee for which an outlay has not been recorded.

UNOBLIGATED BALANCE is the portion of the funds authorized by the grant that has not been obligated by the awardee. It is determined by deducting outlays and encumbered obligations from the cumulative funds authorized.

#### **6.4 Payment Procedures**

Almost all grants awarded by the OSRI will be made on a cost reimbursable basis. Cash advances will only be awarded in rare cases.

##### **6.4.1 Invoicing Requirements**

OSRI encourages invoices on a monthly basis. Invoices must be submitted to OSRI within 90 days of the expenditure occurring. Invoices after 90 days must get the OSRI Contract Officer's approval.

##### **6.4.2 Cost Reimbursable**

As a general condition, the awardee shall be expected to finance the project with its own working capital, and payments shall be made to reimburse the awardee for actual cash disbursements based on requests for reimbursement submitted to OSRI.

##### **6.4.3 Fixed Costs**

On occasion, fixed price grants or contracts may be awarded. The amount will be negotiated using acceptable cost principals. Up to seventy-five percent (75%) of the fixed price amount may be awarded with the balance of the funds to be paid after the project deliverables have been met. Quarterly progress and financial reports, as per section 6.6, are still required.

##### **6.4.4 Working Capital Advance**

Signed award contracts, may in some cases, include provisions for a working capital advance. Awardees may receive an advance payment from OSRI for project start-up costs incurred. The amount of the initial advance will be for an amount not to exceed 25% of the total award. Documentation for the initial advance payment shall be submitted at the next quarterly reporting period. Following the advance payment, the awardee must submit regular invoices with documentation to receive further reimbursement

##### **6.4.5 Payment Policies**

###### **Payments to Subawardees**

Cash advances made by primary awardees (those which receive advances directly from OSRI) to others (subawardees) shall conform to the same standards of timing and amount as apply to advances by OSRI to primary awardees, including the furnishing of reports of cash disbursements and balances.

###### **Withholding Payments**

OSRI reserves the right, upon written notice, to withhold future payments after a specified date if the recipient fails to comply with the conditions of an OSRI grant, including the reporting requirements. An amount equaling 10% of the total grant award will be withheld pending receipt and OSRI approval of the final reports.

###### **Safeguarding Funds**

OSRI-furnished funds shall not be co-mingled with the personal funds of, or be used for personal purposes by, any officer, employee, agent of the awardee; nor will any of these funds be deposited in personal bank accounts for disbursement by personal check. In the rare cases of awards to individuals, a waiver to this section may be specified in the award contract.

In all cases, the awardee's financial management system must meet the standards for fund control and accountability prescribed in OMB 2 CFR 200 Super Circular.

## 6.5 Cash Refunds and Credits to OSRI

### **6.5.1 Final Unobligated Balance**

OSRI has a reversionary interest in the unobligated balance of a grant upon expiration or completion of the grant. Based on final disbursements reported on the Final Report Budget Form, the final unobligated balance will be computed by OSRI.

### **6.5.2 Erroneous Payments**

Advances or reimbursements made in error must be refunded by check (payable to the Oil Spill Recovery Institute) if the erroneous payment creates an excess cash-on-hand condition. The only exception to this requirement for prompt refunding is when the funds involved will be disbursed within 30 calendar days; in those cases, the awardee should credit the OSRI in their next invoice. This exception to the requirement for prompt refunding should not be construed as approval by OSRI for an awardee to maintain excessive funds; it is applicable only to excessive amounts of funds which are erroneously drawn.

## 6.6 Award Financial Reporting Requirements

### **6.6.1 Quarterly Reports**

Within 30 days of March 31, June 30, September 30 and December 31, all awardees are required to submit a progress report that includes a summary budget status report. The final invoice for each period may be considered the quarterly budget report. See Appendix H. Failure to submit this report in a timely manner may result in:

- 1) Suspension of all future payments;
- 2) Close-out of expired grants based on previously reported disbursements; suspension of unexpired grants; and
- 3) Suspension of review and processing of new proposals.

### **6.6.2 Annual Progress Report**

For continuing projects, an annual progress report is required to be submitted 30 days prior to the award anniversary date. See Appendix J.

### **6.6.3 Final Project Report**

Within 90 days of the end of the project's expiration date, a final report will be submitted responsive to the objectives, goals and mission of the project. See Appendix K.

Failure to submit this report in a timely manner may result in:

- 1) Suspension of the final payment (an amount equaling 10% of the contract budget) due until this report is received; and
- 2) Suspension of review and processing of new proposals.

## **7.0 Standards for Awards**

### **7.1 Background**

OSRI requires prospective awardees to furnish, upon request by the Contracting Officer, basic organization and management information to assist the OSRI Awards Officer in assessing their financial and managerial responsibility. Section 7.1.1 describes OSRI requirements for the furnishing of organization and management information.

OSRI encourages and, in some cases, requires the participation of scientific researchers and educators with industry and private entrepreneurial ventures as well as resource management agencies, but recognizes that such interactions carry with them an increased risk of conflict of interests. Section 7.2 contains OSRI's policy on conflict of interest.

The Office of Management and Budget (OMB) 2 CFR 200 Super Circular prescribes three sets of standards for academic and other non-profit recipients of federal grants. OSRI applies these standards apply to all awards. These govern financial management systems, procurement policies and procedures, and property management. Sections 7.4 to 7.5 implement the OMB standards, and extend their applicability to all types of recipients of OSRI awards, including commercial firms.

#### **7.1.1 Prospective Awardee Organization and Management Data**

Each proposing organization that has not received an OSRI award within the previous two years should be prepared to submit basic organization and management information and certifications, when requested, to the Contracting Officer.

#### **Definitions**

COLLEGE OR UNIVERSITY is a public or private institution of post-secondary education which, if a U.S. college or university, is listed in the current edition of the Directory of Post-Secondary Institutions, published in two volumes by the Center for Education Statistics, U.S. Department of Education, and for sale by the Superintendent of Documents, U.S. GPO.

NON-PROFIT ORGANIZATION is any corporation, trust, association, cooperative, or other organization which:

- 1) Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
- 2) Is not organized primarily for profit; and
- 3) Uses all income exceeding costs to maintain, improve, and/or expand its operations.

For this purpose the term "non-profit organization" excludes colleges and universities, hospitals and state, local, and Indian tribal governments. An organization which has tax exemption as a non-profit organization from the U.S. Internal Revenue Service (IRS) shall be considered to have met the criteria of this definition.

FOR-PROFIT CORPORATION is any corporation, trust, or other organization which is organized primarily for profit.

STATE, FEDERAL or LOCAL GOVERNMENT is a unit of government including any agency or division of a State or Federal department, a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of government, other regional or interstate government entity, Indian tribal government, or any agency or instrumentality of government exclusive of institutions of higher education and hospitals.

#### **Required Information**

Upon request, the following information will be submitted to OSRI:

**Organization Name.** The commonly used name of the organization, together with the legal (registered) name, if different, and the mailing address.

**Federal Employer Identification Number.** The employer identification number as assigned by the IRS (applicable to U.S. organizations only).

**Organizational Affiliations.** Describe relationships of the organization to any parent organization or to subsidiaries or other affiliates. If the organization is a successor in interest to a predecessor or if changes in organizational affiliation are anticipated, describe briefly.

**Statement of Purposes and Powers.** An official or published statement of the major purposes of the organization and the powers which have been granted to it to enter into contractual relationships and/or to accept grants (e.g., articles of incorporation, terms of reference or by-laws).

**Key Officials.** The name, title, address, and telephone number of the following officials and their alternates (if applicable):

- 1) Chief Executive Officer or President. (OSRI grant letters normally are addressed to the Chief Executive Officer unless another appropriate addressee, such as the Authorized Organizational Representative, is so designated.);
- 2) Authorized Organizational Representative; and
- 3) Business Officer.

**Affiliations of Key Officials.** If the organization is other than a college or university, a federal, state or local government, or an international organization, indicate whether each official listed above, is affiliated with any international, federal, state, or local agency, or with any college or university. If so, describe such affiliation. OSRI reserves the right to consult with such affiliated organizations.

**Awardee Standards.** A statement that the organization will or will not comply with the following standards of the OMB 2 CFR 200 Super Circular:

- 1) Financial Management Systems;
- 2) Procurement Standards; and
- 3) Property Management Standards.

**Other.** If other than a college or university, or a federal, state or local government, also submit the following:

- 1) A certified statement of financial condition covering at least the preceding two years; and
- 2) Bank or other references.

## 7.2 Fair competition

### **7.2.1 Background**

To ensure open and fair competition for OSRI funding, it is OSRI's policy to implement its programs based on the directives and policies established by the OSRI Advisory Board. Solicitations for programs will be advertised in appropriate venues. Decisions regarding award of contracts will only be made after appropriate review of all proposals. See Section 3.5 for further details on the proposal review process and confidentiality issues regarding proposals.

### **7.2.2. Conflict of interest**

A conflict of interest may arise where there exists the opportunity for direct or indirect material personal gain by an OSRI Advisory Board, Scientific and Technical Committee, or staff member. Any duality on the part of any of these person's or their family shall be immediately disclosed to the Advisory Board, and made a matter of record in the minutes.

Members of the Advisory Board, Scientific and Technical Committee (STC), and staff shall complete a Conflicts of Interest Disclosure form. Any application for a contract, grant or award shall include a Conflicts of Interest Disclosure form from each of the Principal Investigator (PI) and Authorized representative of the awardee to assist the OSRI Director in avoiding conflicts throughout the review process.

Any member having a duality of interest shall not vote or participate in a peer review of the matter. Such Board member shall be counted in determining the quorum for a meeting, however. The minutes of the meeting shall reflect that a disclosure was made, and the abstention from participating in voting. The member shall refrain from any discussion unless questioned by the Board.

Any grant, contract or award in which a Board, STC or staff their family has an interest shall be valid notwithstanding such interest, if the material facts of such interest are disclosed or known to the Board in advance, and the Board shall nevertheless, authorize and ratify the grant, contract or award, PROVIDED THAT, no Board member shall supervise a family member or administer a grant, contract or award to a family member (1).

In addition to the above, Board, STC, and staff members are obliged to comply with any applicable federal, state, municipal or organization requirements regarding conflict of interest and disclosure, and political activities.

The Research Program Manager and Executive Director, with concurrence of the Scientific and Technical Committee may award grants less than \$100,000 without involvement from the Advisory Board, even if there is a Board member conflict, provided the Board does not supervise or administer the grant.

### **7.2.3 Appearance of Fairness**

When parent research organizations, such as the Prince William Sound Science Center administer funding institutions, such as OSRI there can be an "appearance of fairness" issue whenever the parent organization receives an award, regardless of the procedures followed to insure fairness. The intent of this section is to double check on the procedures to insure fairness and provide the Board the confidence to dismiss any unjust allegations that may occur. Therefore, it is important that procedures be established for the Board and staff to follow. This is made easier by OSRI clearly identifying long-term goals for its R&D, a framework to provide clear decision-making relative to reviewing proposals and specifying these criteria in the award procedures, policy and advertisements. Procedures to be followed are given in Section 3.7, Impartiality. When the Prince William Sound Science Center applies for OSRI funding the Executive Director's role in review and recommendation of possible awards is replaced by either the OSRI Board Chair or Vice-Chair.

## **7.3 Financial Management Systems Standards**

OSRI awardees are required to have financial management systems which meet the requirements of OMB 2 CFR 200 Super Circular.

## **7.4 Procurement Standards**

OSRI awardees shall adhere to the requirements of OMB 2 CFR 200 Super Circular which prescribe standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, and other services with OSRI funds.

## **7.5 Property Management Standards**

### **7.5.1 Background**

OMB 2 CFR 200 Super Circular prescribes standards governing the management and disposition of property whose cost was charged to a project supported by an OSRI grant.

OSRI implementation of the OMB standards on intellectual property is contained in Section 9.2 Intellectual Property.

OMB 2 CFR 200 Super Circular contains a special category of "exempt property." Under that provision OSRI may vest title in an institution of higher education, hospital, or other non-profit organization without further obligation to it and under conditions it considers appropriate.

### **7.5.2 Title to Equipment**

Title to Equipment - Non-Profit Organizations

**Normal Situations.** Unless otherwise specified in the grant document, title to equipment purchased or fabricated with OSRI grant funds by a college or university or other non-profit organization will vest in the awardee organization upon acquisition. Such equipment is considered "exempt property" (see Section 7.1 Background) and subject to Conditions for Acquisition and Use of Equipment, below.

**Special Situations.** In special situations, the grant document may require that title to equipment purchased, acquired, or fabricated by the awardee with OSRI funds pass directly to OSRI from the vendor.

Title to Equipment - Commercial Organizations

Unless otherwise specified in the grant document, title to equipment purchased or fabricated with OSRI grant funds by a commercial firm will vest in OSRI. Such equipment will be acquired and used in accordance with Conditions for Acquisition and Use of Equipment in this section, and managed in accordance with Property Management Standards When Title Retained by OSRI in this section.

### **7.5.3 Conditions for Acquisition and Use of Equipment**

All equipment purchased must be proposed by the P.I. in the original proposal or in writing as an amendment to the award.

**Awardee Assurance.** The awardee will assure that for each purchase of equipment over \$5,000, it is:

- 1) Necessary for the research or activity supported by the award;
- 2) Not otherwise reasonably available and accessible;
- 3) Of the type normally charged as a direct cost to sponsored agreements; and
- 4) Acquired in accordance with organizational practice.

**Equipment Usage.** The equipment must remain in use for the specific project for which it was obtained in accordance with OMB 2 CFR 200 Super Circular.

**Equipment Sharing.** The equipment must be shared on other OSRI projects or programs in accordance with OMB 2 CFR 200 Super Circular.

**Property Management Standards.** The awardee shall maintain a property management system which, at a minimum, meets the requirements of OMB 2 CFR 200 Super Circular.

### **7.5.4 Property Management Standards When Title Retained by OSRI**

In the event that title to equipment or property is vested in OSRI, such property shall be marked, tagged, or segregated in such a manner as to indicate clearly its ownership by OSRI. Unless otherwise provided in the grant instrument, such OSRI property shall be used only for the performance of the OSRI project. The awardee shall submit to the OSRI Contracting Officer an annual inventory report by OSRI grant number of such property having an original acquisition cost of \$5,000 or more. A physical inventory of OSRI-Owned Equipment shall be conducted every two years pursuant to OMB 2 CFR 200 Super Circular. Upon expiration of the grant, the awardee shall report the property to OSRI for further utilization by other OSRI funded projects.



## 8.0 Allowable Costs

### 8.1 Basic Considerations

#### **8.1.1 Federal Cost Principles**

##### Applicability to Awardees

Expenditures under OSRI cost reimbursement awards are governed by the federal cost principles applicable to specific types of awardees as follows:

**INSTITUTIONS OF HIGHER EDUCATION.** The government-wide principles for determining the costs applicable to research and development and to training and other educational services performed by colleges and universities under Federal Government grants and contracts are contained in OMB 2 CFR 200 Super Circular. This circular is applicable to all OSRI awards to both public and private institutions of higher education. Also see Federal Acquisition Regulations (FAR) at 48 CFR §31.3

**NON-PROFIT ORGANIZATIONS.** The government-wide cost principles and procedures applicable to grants, contracts, and other agreements with non-profit organizations are contained in OMB 2 CFR 200 Super Circular.

**FOR-PROFIT ORGANIZATIONS.** The government-wide cost principles and procedures for use in cost reimbursement type supply and research contracts with commercial organizations applicable to OSRI grants to commercial organizations are contained in the FAR at 48 CFR §31.2

**FEDERAL, STATE AND LOCAL GOVERNMENTS.** The government-wide principles and standards for determining costs applicable to grants and contracts with federal, state, local, and federally recognized Indian tribal government entities (excluding publicly financed colleges and universities and hospitals) are contained in OMB 2 CFR 200 Super Circular and the FAR at 48 CFR §31.6

##### Applicability to Contracts Under Grants

Awardees are responsible for assuring that costs of all subawards under OSRI grants are subject to those cost principles and procedures appropriate to the subaward type and contractor organization or institution involved. For example, if the subaward is a cost reimbursement type with a commercial concern, FAR Subpart 31.2 would apply.

##### Conflicting Guidelines

In the event of any discrepancy between the summary information contained in this chapter and any specific provision of the applicable federal cost principles, the cost principles in effect as of the effective date of the OSRI grant will govern. In case of a discrepancy between the special provisions of an OSRI grant and the standards of the applicable cost principles, the special provisions of the grant will govern.

#### **8.1.2 Other Considerations**

##### Maximum Obligation

The maximum obligation of OSRI for support of the project will not exceed the amount specified in the grant instrument, as amended. OSRI does not amend grants to provide additional funds for such purposes as reimbursement for unrecovered indirect costs resulting from the establishment of final negotiated rates or for increases in salaries, fringe benefits, and other costs.

Awardees may incur pre-award costs within the 90-day period immediately preceding the effective date of the grant providing approval of pre-award costs has been made by OSRI.

##### Post-Expiration Costs

OSRI funds may not be expended subsequent to the expiration date of the grant except to liquidate valid commitments which were made on or before the expiration date. (See Section

6.6.3 Final Disbursement Reporting, and Section 8.2.7 Publication, Documentation, and Dissemination.) For example, commitment of project funds is valid when made prior to the expiration date for specialized (research) equipment ordered well in advance of the expiration date but where, due to unusual or unforeseen circumstances, receipt of such equipment is delayed beyond the expiration date. The costs of equipment ordered after the expiration date may not, in any case, be charged to the project.

### **8.1.3 Prior Approval**

#### OMB Directive

OSRI has waived most cost-related and administrative prior approvals required by OMB 2 CFR 200 Super Circular.

#### OSRI Prior Approval Policy

If an expenditure item is proposed in the budget and justified in the narrative, and unless otherwise specified in the grant, provision for it in the grant constitutes OSRI authorization to charge these costs, if otherwise allowable under the cost principles.

### **8.1.4 Advance Understandings**

The allowability of the selected items of cost covered in the various cost principles applies broadly to many accounting systems in varying situations. In some cases (e.g., professional and consultant services costs) the various cost principles prescribe specific factors or conditions to be considered in determining the allowability of such costs in specific situations. In such cases, it is important that the stated conditions or factors be adhered to and documented in order to avoid possible subsequent disallowance.

In the event an awardee anticipates charging the OSRI grant for an item of direct cost which, in light of the above, might subsequently be disputed, the Authorized Organizational Representative should discuss the matter with the OSRI Contracting Officer.

## 8.2 Direct Costs

The following subsections summarize the allowability of frequently encountered direct cost items.

### **8.2.1 Salaries, Wages, and Fringe Benefits**

#### Salaries and Wages

All Awardees. All remuneration paid currently or accrued by the organization for employees working on the OSRI-supported project during the grant period is allowable to the extent that:

- 1) Total compensation to individual employees is reasonable for the work performed and conforms to the established policy of the organization consistently applied to both government and non-government activities; and
- 2) The charges for work performed directly under OSRI grants and for other work allocable as indirect costs are determined and documented as provided in the applicable federal cost principles.

**Colleges and Universities.** OMB 2 CFR 200 Super Circular establishes special criteria for work performed on government projects by faculty members during and outside the academic year. In summary these are:

**Academic Year Salaries.** To be based on the individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his/her salary. Except as provided in Intra-University Consulting in Section 8.2.6, charges to OSRI grants, irrespective of the basis of computation, will not exceed the proportionate share of the base salary for that period.

**Periods Outside the Academic Year.** During the summer months or other periods not included in the period for which the base salary is paid, salary is to be at a monthly rate not in excess of the base monthly salary.

**Extra Compensation above Base Salary.** Requests may be included in proposals for salary payments for extra compensation only for science and engineering education projects when the particular program guide for preparation of proposals specifically provides that extra compensation for the Project Director (or staff members) may be requested and approved by OSRI for situations such as teaching evening or weekend classes, or for administrative work done as overload prior to or following a project; and provided further that the extra compensation is computed at a rate not in excess of the monthly rate of the base academic year salary, and is consistent with institutional policy.

**Sabbatical Leave.** Unless there are special conditions in an applicable OSRI program guide or in the grant instrument, charges to an OSRI grant for services rendered to the project by an individual during his/her sabbatical period are allowable provided that such compensation is: (a) Proportional to the service rendered; (b) In accordance with established institutional sabbatical policies regardless of source of funds (OMB 2 CFR 200 Super Circular); and (c) At a rate which, when added to the individual's sabbatical salary rate, does not exceed the individual's base salary rate for the individual's most recent academic year or equivalent prior period.

Thus, OSRI salary support during sabbatical periods is only intended to make up the difference between sabbatical rate of pay and the individual's base salary rate for periods during which the individual is performing work on an OSRI-sponsored project.

### **Fringe Benefits**

Fringe benefits are allowable as a direct cost (if not included as an indirect cost) in proportion to the salary charged to the grant, to the extent that such payments are made under formally established and consistently applied organizational policies.

### **8.2.2 Equipment**

Related Equipment Guidelines

Additional OSRI guidelines on equipment are found in Section 7.5 Property Management Standards.

#### Definitions

The following definitions, derived from OMB 2 CFR 200 Super Circular apply to all OSRI grants (or amendments thereto):

**ACQUISITION COST OF EQUIPMENT** means the net invoice price of the equipment, including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty, or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

**EQUIPMENT** means tangible nonexpendable personal property including exempt property charged directly to the grant having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, consistent with recipient policy, lower limits may be established.

### **8.2.3 Materials and Supplies**

The costs of materials and supplies (tangible personal property other than equipment), costing less than \$5,000 (or other lower threshold consistent with awardee policy), necessary to carry out the project are allowable as prescribed in the governing cost principles.

### **8.2.4 Travel Costs**

Expenses for transportation, lodging, subsistence, and related items incurred by project personnel and by outside consultants employed on the project (see Outside Consultants in Section 8.2.6.) who are in travel status on business related to an OSRI-supported project are

allowable as prescribed in the governing costs principles. The requirements for prior approval detailed in the governing cost principles are waived.

Except as provided in the governing cost principles, the difference in cost between first-class air accommodations and less than first-class air accommodations is unallowable. A train, bus, or other surface carrier may be used in lieu of or as a supplement to air travel at the lowest first-class rate by the transportation facility used. However, if such travel could have been performed by air, the allowance will not normally exceed that for jet economy air fare.

### **8.2.5 Computer Costs**

#### **Automatic Data Processing Equipment (ADPE) Leasing Costs**

The costs of leasing ADPE are allowable, up to the amount that the awardee would be allowed had it purchased the ADPE, and to the extent that the rates are reasonable in light of factors such as those described in FAR Subpart 31.205-36

#### **Awardee-Owned ADPE Facilities**

The costs of services involving the use of highly complex or specialized facilities operated by the organization, such as computing facilities, are allowable provided the charges meet the conditions of the governing cost principles.

### **8.2.6 Consultant Services**

#### **Outside Consultants**

Awardees normally are expected to utilize the services of their own officers or employees to the maximum extent in managing and performing the activities supported by OSRI grants. Where it is necessary for an awardee to enter into a subaward for the services of persons who are not its officers or employees, it is expected to do so in accordance with written organizational standards which provide for consideration of the factors outlined in the governing cost principles.

If the need for consultant services is anticipated, the proposal narrative should provide appropriate rationale, and the summary proposal budget should estimate the amount of funds which may be required for this purpose. To the extent possible, consultant rates should show separate amounts for actual services and each of the components of the rate.

Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization are allowable when reasonable in relation to the services rendered.

In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors, among others, are relevant:

- 1) The nature and scope of the service rendered in relation to the service required;
- 2) The necessity of issuing a subaward for the service considering the organization's capability in the particular area;
- 3) Whether the service can be performed more economically by employment rather than by consulting;
- 4) The qualifications of the individual or concern rendering the service and the normal/customary fees charged and received by the individual for comparable services; and
- 5) Adequacy of the contractual agreement for the service (e.g., Description of the service, estimate of time required, rate of compensation, and termination provisions).

In addition, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

Costs of legal, accounting and consulting services and related costs incurred in connection with organization and reorganization, defense of antitrust suits and the prosecution of claims against the government are unallowable. Costs of legal, accounting and consulting services, and related

costs incurred in connection with patent infringement litigation are unallowable unless otherwise provided for in the grant.

### **8.2.7 Publication, Documentation, and Dissemination**

Costs of documenting, preparing, publishing, disseminating, and sharing research findings and supporting material are allowable charges against the grant.

Page charges for scientific journal publication are allowable as a necessary part of research costs, where:

- 1) The research papers report work supported by OSRI; and
- 2) The charges are levied impartially on all research papers published by the journal, whether by non-government or by government authors.

Awardees may transfer from the grant account to an institutional account an amount equal to commitments for other types of costs, including publication and sharing. Therefore, in the event that valid commitments for publication or sharing have been incurred and it is not possible to effect an actual payment for such charges by the time the final disbursements are due and obligations must be charged against the OSRI cash advance and reported on the Final Report Budget Form, the awardee may transfer from the grant account to an institutional account an amount equal to the commitment and retain such funds for payment of publication charges and sharing expenses. If actual publication charges and sharing expenses are less than the commitment, the excess funds should be returned to OSRI. However, if the excess is less than \$300, it may be used by the awardee for general research. If actual publication charges and sharing expenses are more than the commitment, any excess will not be reimbursed by OSRI. See Section 9.3 Publication/Distribution of Grant Materials.

## **8.3 Other Direct Costs**

### **8.3.1 Rental or Lease of Facilities or Special Purpose Equipment**

Normally the awardee is expected to make appropriate facilities available without direct charge to grant funds. However, on occasion, it is necessary to use facilities not under the control of the awardee. Rental of off-site space may be allowed, for example, for a research project if laboratory facilities or other work areas of a type or coverage not normally available to the awardee are required. Rental charges may be made in conformance with the organization's policies and in the same manner that similar charges are made to any account, provided that such rental costs are reasonable and otherwise conform to the governing cost principles.

Rental of special purpose equipment is allowable. See also Automatic Data Processing Equipment (ADPE) Leasing Costs in Section 8.2.5.

### **8.3.2 Relocation Costs**

Relocation costs may be charged to an OSRI grant as an other direct cost in accordance with the applicable governing cost principles provided that:

- 1) A proposal for OSRI support specifically indicates that the awardee intends to hire a named individual for full-time work on the project;
- 2) Such recruitment action is not disapproved by the grant terms; and
- 3) The prospective employee or visiting staff member:
  - (a) Is essential to the project on a full-time basis for a continuous period of at least twelve months; and
  - (b) Is regularly located at a place sufficiently removed from the project site that his/her employment necessitates the change.

The amount of actual reimbursement should be in accordance with awardee's established policy or practice which:

- 1) Is in conformance with the applicable governing cost principles;
- 2) Has been approved by the cognizant governing audit agency; and

3) Is consistently applied.

### **8.3.3 Meetings and Conferences**

The points below summarize the allowability of various items of cost associated with conferences, symposia, workshops, or other meetings supported as the principal purpose of an OSRI grant. Any costs charged to an OSRI grant would also need to be reasonable and directly allocable to the supported activity.

**Conference Facilities.** Rental of facilities and necessary equipment is allowable. (See Section 8.3.1 Rental or Lease of Facilities or Special Purpose Equipment.)

**Supplies.** Purchase of expendable materials and supplies necessary for the meeting is allowable.

**Conference Services.** Costs of translation services and of recording and transcribing the proceedings are allowable.

**Publication Costs.** Costs of publishing the proceedings are allowable only if approved in the grant instrument or otherwise specifically approved in writing by the OSRI Contracting Officer.

**Salaries.** Salaries of professional personnel, editorial and clerical assistants and other staff members are allowable in accordance with Section 8.2.1 Salaries, Wages, and Fringe Benefits, in proportion to the time or effort devoted to the preparation and conduct of the conference and summarizing its results.

**Consultant Services and Speaker Fees.** Reasonable fees and travel allowances and per diem (or meals provided in lieu of per diem) are allowable as prescribed in Section 8.2.4 Travel Costs, and Section 8.2.6 Consultant Services.

**Meals and Coffee Breaks.** When certain meals are an integral and necessary part of a conference (e.g., working meals where business is transacted), grant funds may be used for such meals. Grant funds may also be used for furnishing a reasonable amount of hot beverages, soft drinks or snacks to conference participants and attendees during periodic coffee breaks.

**Entertainment.** Costs of entertainment, amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

**Alcoholic Beverages.** No OSRI funds may be spent on alcoholic beverages.

## 8.4 Indirect Costs

### **8.4.1 Background**

Per statute Public Law 101-380 and 104-324, OSRI is authorized to spend no more than 20 percent of its total budget for overhead costs.

### **8.4.2 OSRI Funding Policy**

#### Basic Policy

OSRI policy recommends an indirect cost rate that does not exceed 20% of total costs (this is equivalent to 25% of the project direct costs).

### **8.4.3 Indirect Costs in Proposals for OSRI Support**

#### Proposal Budget

Each proposal for OSRI support of a project must include a line-item budget indicating the subtotal and total amounts requested from OSRI for all direct and indirect costs. OSRI policy recommends an indirect cost rate that does not exceed 20% of total costs (this is equivalent to 25% of the project direct costs). Proposers may submit an alternate IDC up to their institution's

federally recognized indirect cost rate. Indirect costs for Graduate Fellowship proposals will not exceed 25% of the projects direct costs.

#### **8.4.4 Indirect Costs in OSRI Cost Reimbursement Grants**

##### General

Each award contract specifies OSRI's maximum obligation for its share of the total costs of a project. (See Maximum Obligation in Section 8.1.2.) The OSRI budget reflects the categories of costs itemized in the final proposal budget on which OSRI bases its level of support.

## **9.0 Other Grant Requirements**

### **9.1 Non-Discrimination Statutes**

#### **9.1.1 General**

A number of statutes bar recipients of federal financial assistance from excluding persons, because of their race, sex, color, age, or national origin, from participation in federally supported activities. These include: Title VI of the Civil Rights Act of 1964 (barring discrimination on grounds of race, color, or national origin); Section 504 of the Rehabilitation Act (barring discrimination against individuals with disabilities); and the Age Discrimination Act. Title IX of the Educational Amendments of 1972 bars sex discrimination in federally assisted education programs or activities.

When a recipient of an OSRI grant receives an Equal Opportunity Complaint, a copy of the complaint should be sent to the OSRI Executive Director.

### **9.2 Intellectual Property**

#### **9.2.1 Patents and Inventions**

The disposition of rights to inventions made by small business firms and non-profit organizations, including universities and other institutions of higher education, during OSRI-assisted research is governed by Chapter 18 of Title 35 of the United States Code, commonly called the Bayh-Dole Act.

#### **9.2.2 Dissemination and Sharing of Research Results**

Investigators are expected to promptly prepare and submit for publication, with authorship that accurately reflects the contributions of those involved, all significant findings from work conducted under OSRI grants. Awardees are expected to encourage publications and wide dissemination of the findings.

Investigators are expected to share with other researchers, at no more than incremental cost and within a reasonable time, the primary data, samples, physical collections, and other supporting materials created or gathered in the course of work under OSRI grants. Awardees are expected to encourage and facilitate such sharing. Privileged or confidential information should be released only in a form that protects the privacy of individuals and subjects involved. General adjustments and, where essential, exceptions to this sharing expectation may be specified by OSRI for a particular field or discipline to safeguard the rights of individuals and subjects, the validity of results, or the integrity of collections or to accommodate legitimate interest of investigators. An awardee or investigator may also request a particular adjustment or exception from the OSRI Contracting Officer.

Investigators and awardees are encouraged to share software and inventions created under the grant or otherwise make them or their products widely available and usable.

OSRI normally allows awardees to retain principal legal rights to intellectual property developed under OSRI grants to provide incentives for development and dissemination of inventions, software and publications that can enhance their usefulness, accessibility and upkeep. Such incentives do not, however, reduce the responsibility that investigators and organizations have as members of the scientific and engineering community to make results, data and collections available to other researchers.

#### **9.2.3 Tangible Property**

Some OSRI grants support collection or creation of tangible property, such as insects, marine life, drilling core samples, and genetically altered micro-organisms. As used in this section "tangible property" means any personal property other than equipment and intellectual property. Legal rights to tangible property is a negotiated grant condition.



### 9.3 Publication/Distribution of Grant Materials

#### **9.3.1 OSRI Policy**

OSRI advocates and encourages open scientific and engineering communication. OSRI expects significant findings from research it supports to be promptly submitted for publication, with authorship that accurately reflects the contributions of those involved.

#### **9.3.2 Costs**

Cost of documenting, preparing, publishing, disseminating, and sharing research findings and supporting material are allowable charges against the grant. (See Section 8.2.7 Publication, Documentation, and Dissemination.)

#### **9.3.3 Responsibilities**

Unless otherwise provided in the grant letter, preparation, content, editing, identification of authorship and submission for publication of significant research findings are the responsibilities of the investigators, consistent with such policies and procedures as the awardee may prescribe.

#### **9.3.4 Awardee Obligations**

Unless otherwise provided in the grant or contract letter, the awardee is required to assure that:

- 1) An acknowledgment of OSRI support appears in every publication of material based on or developed under the grant, in the following terms:

"This material is based on work supported by the Oil Spill Recovery Institute under Contract No. (Awardee should enter OSRI contract number)."

- 2) Every publication of material based on or developed under the grant or contract, except scientific articles or papers appearing in scientific, technical, or professional journals, contains the following disclaimer:

"Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect those of the Oil Spill Recovery Institute."

- 3) At least one copy, and preferably two copies of every publication of material based on or developed under the grant are provided to the OSRI Contracting Officer.

Awardees should also note their obligations in regard to copyrights and their responsibilities as members of the scientific and engineering community to disseminate and share research results (see Section 9.3.2 Dissemination and Sharing of Research Results).

### 9.4 Human Subjects

#### **9.4.1 General**

The grantee is responsible for the protection of the rights and welfare of human subjects involved in activities supported by OSRI. All research involving human subjects supported or otherwise subject to regulation by any Federal agency is covered by a policy set forth in a Common Rule, "Protection of Human Subjects" (45 CFR 690).

#### **9.4.2 Certification of Compliance**

All projects involving human subjects must either (1) have approval from the organizations Institutional Review Board (IRB) before issuance of an OSRI award or, (2) must affirm that the IRB or an appropriate knowledgeable authority previously designated by the organization (not the Principal Investigator) has declared the research exempt from IRB review, in accordance with the applicable subsection, as established in 45 CFR 690.

### 9.5 Animal Welfare Requirements

- a. The grantee is responsible for the humane care and treatment of any vertebrate animal used or intended for use in such activities as field or laboratory research, development, training, experiments, biological testing or for related purposes supported by OSRI grants.
- b. Any grantee performing research on vertebrate animals shall comply with the Animal Welfare Act [7 U.S.C. 2131 et seq.] and the regulations promulgated thereunder by the

- Secretary of Agriculture [9 CFR 1.1-4.11] pertaining to the humane care, handling, and treatment of vertebrate animals held or used for research, teaching or other activities supported by Federal awards. The awardee is expected to ensure that the guidelines described in the National Academy of Science (NAS) Publication, *“Guide for the Care and Use of Laboratory Animals”* (1996) are followed and to comply with the *Public Health Service Policy and Government Principles Regarding the Care and Use of Animals* (included as Appendix D to the NAS Guide).
- c. For proposals involving the use of vertebrate animals, sufficient information must be provided within the project description to enable reviewers to evaluate the choice of species, number of animals to be used, and any necessary exposure of animals to discomfort, pain, or injury.
  - d. Prior to the issuance of an award for a project involving use of vertebrate animals, the project must be approved by an Institutional Animal Care and Use Committee (IACUC) established through a multi-project assurance with the Office of Laboratory Animal Welfare (OLAW) of the NIH, or else through a single-project assurance approved by OSRI.
  - e. During the life of the award, additional IACUC approval must be obtained if the protocols for use of vertebrate animals have been changed substantively from those originally proposed and approved, or if the previous approval is more than three years old. In the event the grantee's multi-project Assurance is cancelled or lapses, the grantee must immediately notify the OSRI Grants Officer identified in the award.
  - f. Research facilities subject to the Animal Welfare Act using or intending to use live animals in research and who receive Federal funding are required to register the facility with the Animal and Plant Health Inspection Service (APHIS), U.S. Department of Agriculture. A current listing of licensed animal dealers may also be obtained from APHIS. The location of the nearest APHIS Regional Office, as well as information concerning this and other APHIS activities, may be obtained at <http://www.aphis.usda.gov/>.
  - g. Awards to U.S. grantees for projects involving the care or use of vertebrate animals at a foreign institution or foreign field site also require approval of research protocols by the U.S. grantee's IACUC. If the project is to be funded through an award to a foreign institution or through an individual fellowship award that will support activities at a foreign institution, OSRI will require a statement of compliance that the activities will be conducted in accordance with all applicable laws in the foreign country and that the International Guiding Principles for Biomedical Research Involving Animals (see <http://www.cioms.ch/>) will be followed.
  - h. The protection of marine mammals in research activities supported by OSRI grants is the responsibility of the grantee. Proposals submitted to OSRI in support of marine research activities must include a statement that the grantee will comply with the Marine Mammal Protection Act of 1972 (16 USC §§1361-1421h).

## 9.6 Projects in a Foreign Country

The grantee is responsible for ensuring all necessary permits and visas are obtained from the appropriate Federal, state, or local government authorities. The grantee must comply with the laws and regulations of any foreign country in which research is to be conducted. Areas of potential concern include: (1) requirements for advance approval to conduct research or surveys; (2) special arrangements for the participation of foreign scientists and engineers; and (3) special visas for persons engaged in research or studies. OSRI does not assume responsibility for grantee compliance with the laws and regulations of the country in which the work is to be conducted.

## **10.0 Reconsideration/Suspension and Termination/Disputes**

### **10.1 Policy**

#### **10.1.1 Background**

An applicant for OSRI assistance whose proposal has been declined may ask the OSRI Contracting Officer for information over and above the explanatory materials received with the declination notice. If the PI or an authorized representative of the awardee is not satisfied that the proposal was fairly handled and reasonably reviewed, he/she may request reconsideration by the responsible Contracting Officer. An applicant who is still not satisfied after reconsideration, may request further reconsideration by the Advisory Board of the Institute (see Section 3).

The aim of any reconsideration is to ensure that OSRI's review has been fair and reasonable, both substantively and procedurally. The scientific and technical merits may be examined within the context of budget availability and program priorities. Reconsideration may also address any procedural errors in peer review or other aspects of proposal review, including unaccounted-for conflict of interests or inappropriate consideration of records, information or rumor.

Award of OSRI assistance is discretionary; reconsideration is not an adversarial process; a formal hearing is not provided. Because factors such as program budget and priorities factor into the decision on a proposal, OSRI cannot ensure applicants that reconsideration will result in the award of a grant even if error is established in connection with the initial review.

No revisions made to the proposal after declination will be considered in connection with the original proposal. However, a substantially revised proposal may be submitted for review as a new proposal under the usual procedures.

OSRI reserves the right to return without review a proposal that is substantially the same as one that was previously reviewed and declined whether or not a request for reconsideration was made.

#### **10.1.2 Explanations by the OSRI Contracting Officer**

When a proposal is declined, the PI receives copies of the reviews with the reviewer's identity remaining anonymous; a description of the proposal review process and an explanation of the basis for the declination. A returned proposal will also be accompanied by an explanation.

A PI who is considering asking for reconsideration should first contact the cognizant OSRI Contracting Officer, who will afford the PI an opportunity to present his/her point of view, provide additional information if any exists, and take any further action that seems appropriate.

#### **10.1.3 Reconsideration**

If dissatisfied with the explanation provided by the OSRI Contracting Officer, the PI may request in writing reconsideration of the staff's decision by the OSRI Advisory Board. Such a request will be considered only if the PI has first sought and obtained an explanation from the cognizant OSRI Contracting Officer and only if the request is received by the Institute within 60 days after the declination or the return. The request should be addressed to the Executive Director and should explain why the PI believes that the declination or return was unwarranted.

At its next regularly scheduled meeting, the OSRI Advisory Board will review the staff decision and determine any further action. Results of the Advisory Board's review will be sent to the PI within 30 days of the Advisory Board's meeting.

The decision made by the OSRI Advisory Board is final.

## 10.2 Suspension and Termination Procedures

### **10.2.1 Definitions**

SUSPENSION is an action by OSRI that temporarily withholds OSRI support of a project pending corrective action by the awardee or a decision by OSRI to terminate the grant.

TERMINATION is the cancellation of a grant or contract, in whole or in part, at any time prior to its expiration.

### **10.2.2 Suspension and Termination**

#### OSRI Policy

A grant or contract may be suspended or terminated in whole or in part in any of the following situations:

- 1) By OSRI when the awardee has materially failed to comply with the terms and conditions of the grant or contract;
- 2) By OSRI when the Institute has other reasonable cause;
- 3) By OSRI and the awardee by mutual agreement (if OSRI and the awardee cannot reach an agreement, OSRI reserves the right to unilaterally terminate the grant); or
- 4) By the awardee on written notice to OSRI setting forth the reasons for such action, the effective date, and, in the case of partial termination, the portion to be terminated or suspended (with the understanding that if OSRI determines that the un terminated portion will not accomplish the purposes of the grant it may suspend or terminate the entire grant).

Normally, action by OSRI to suspend or terminate a grant will be taken only after the awardee has been informed by OSRI of the proposed action, or informed of any deficiency on its part and given an opportunity to correct it. However, OSRI may immediately suspend or terminate a grant without notice when it believes such action is reasonable to protect the interests of the Oil Spill Recovery Institute.

No costs incurred during a suspension period or after the effective date of a termination will be allowable, except those costs which, in the opinion of OSRI, the awardee could not reasonably avoid or eliminate, or which were otherwise authorized by the suspension or termination notice, provided such costs would otherwise be allowable under the terms of the grant and the governing cost principles.

Within 30 days of the termination date the awardee will furnish a summary of progress under the grant and an itemized accounting of costs incurred prior to the termination date or as discussed above. Final allowable costs under a termination settlement shall be in accordance with the terms of the grant, including this section, and the governing cost principles, giving due consideration to the progress under the grant. In no event will the total of OSRI payments under a terminated grant exceed the grant amount or the OSRI pro rata share when cost sharing was anticipated, whichever is less.

A notice of termination other than by mutual agreement and/or the final settlement amount may be subject to review pursuant to Section 10.5 Informal Resolution of Grant Administration Disputes.

### **10.2.3 Procedures for Suspension or Termination by OSRI**

When it is believed that an awardee has failed to comply with one or more of the terms and conditions of a grant, the OSRI Contracting Officer will normally advise the awardee in writing of the nature of the problem and that failure to correct the deficiency may result in suspension or termination of the grant. The awardee will be requested to respond in writing within 30 calendar days of the date of such letter, describing the action taken or the plan designed to correct the deficiency. Copies of such correspondence will be furnished to the Principal Investigator and to the OSRI Contracting Officer. However, OSRI may immediately suspend or terminate a grant without notice when it believes such action is reasonable to protect the interests of the Oil Spill Recovery Institute.

If a satisfactory response is not received within the above period, the OSRI Contracting Officer may issue a notice immediately suspending authority to further obligate grant funds, in whole or in part. Notice of suspension is sent by certified mail (return receipt requested) to the Authorized representative of the awardee, with a copy to the PI. Within OSRI, copies are furnished to the OSRI Contracting Officer and the OSRI Advisory Board Chair. The notice will set forth the terms of the suspension and its effective date.

Normally, the suspension will remain in effect for a maximum of 60 days to allow the awardee to take corrective action. In the event that the deficiency is not corrected to the satisfaction of OSRI, the OSRI Contracting Officer may issue a notice of termination. The notice will set forth the reasons for the action and its effective date.

### **10.3 Termination by Mutual Agreement**

#### **10.3.1 OSRI Policy**

Circumstances may arise in which either OSRI or the awardee wishes to terminate a project. If both parties agree that continuation of the project would not produce results commensurate with the further expenditure of funds, or if there arises any other reason, the grant may be terminated by mutual agreement.

#### **10.3.2 Procedures**

If the awardee wishes to terminate the project, the Authorized representative of the awardee should advise the OSRI Contracting Officer in writing and send a copy to the OSRI Contracting Officer.

If OSRI wishes to terminate the project, the OSRI Contracting Officer will advise the awardee's authorized representative in writing and send copies to the PI and maintain a copy of the letter in the OSRI files.

Within 30 days after receipt of request from either party for termination by mutual agreement, the other party will provide an appropriate written response. In the event of disagreement between the parties, the OSRI Contracting Officer will make a final decision, subject to the review procedures prescribed by Section 10.5 Informal Resolution of Grant Administration Disputes. Following termination, grant closeout procedures will be initiated.

### **10.4 OSRI Suspension or Termination**

#### **10.4.1 Review Procedure**

Awardees should refer to Section 10.5.3 Procedures, for procedures to request review of a suspension or termination notice. Pending resolution of the request for review, a notice of termination shall remain in effect.

### **10.5 Informal Resolution of Grant Administration Disputes**

#### **10.5.1 Background**

Consistent with the Recommendation on Grant Disputes by the Administrative Conference of the U.S., and with the intent of the provisions of Alternative Dispute Resolution, the Institute provides the informal resolution processes described below concerning disputes or disagreements that may arise over Contracting Officer post-award decisions under an OSRI grant.

#### **10.5.2 Scope of Post-Award Disputes Covered**

The disputes below are covered under the process described in Section 10.5.3 Procedures:

- 1) Cost disallowances pursuant to a Contracting Officer's decision, e.g., specific disallowances under an individual grant or as a result of an audit report;
- 2) Suspensions over 60 days;
- 3) Termination orders; and
- 4) The final settlement amount under a termination.

Requests for reconsideration of a declined proposal or a proposal returned as inappropriate for OSRI consideration are covered in Section 10.1.2 Reconsideration.

### **10.5.3 Procedures**

The awardee should submit a certified letter to the Director noting the awardee's disagreement or dispute and identifying the OSRI Contracting Officer's decision in question, giving reasons for the request for review and providing any other material pertinent to the request.

The letter to the Director must be postmarked no later than 30 days after the date of the letter notifying the awardee of the decision in question. The time for filing a request for review is strictly enforced and no extensions for the purpose of preparing it will be granted.

The request for review need not follow a prescribed format; however, it must contain a full statement of the awardee's position with respect to the disputed matter and the facts and reasons in support of the awardee's position. Requests will be reviewed if the awardee submits new information (which was unavailable at the time of the original decision); if an error in fact or application of OSRI policy is noted in the original decision; or improper procedures were followed in the original decision.

The Director will review or designate one or more individuals to review the matter. In no case, will the review be undertaken by any individual involved with the decision or involved in recommending and/or monitoring the scientific and engineering aspects of the project or responsible for negotiating and/or administrating its business aspects.

The designated individual(s) will review and consider all relevant information available. A report which identifies the conclusion and recommendation will be completed within 60 days. This report will be forwarded to the OSRI Advisory Board's Executive Committee for their consideration at their next regularly scheduled meeting, or with 45 days of the report's completion. The Director or his/her designee will communicate the Executive Committee's decision in writing to the awardee, normally within 15 days of the committee's meeting, unless otherwise specified by OSRI.

## **10.6 Misconduct in Science**

### **10.6.1 OSRI Policies and Responsibilities**

MISCONDUCT means: 1) fabrication, falsification, plagiarism, or other serious deviation from accepted practices in proposing, carrying out, or reporting results from activities funded by OSRI; or 2) retaliation of any kind against a person who has reported or provided information about suspected or alleged misconduct and who has acted in good faith.

The OSRI will take appropriate action against individuals or organizations upon a determination that misconduct has occurred in proposing, carrying out or reporting results from activities funded by OSRI. It may also take interim action during an investigation. Possible actions include sending a letter of reprimand to the individual or organization, requiring prior OSRI approval of particular activities by an individual or organization, requiring special assurances of compliance with particular policies, restricting designated activities or expenditures under particular grants, suspending or terminating grants, debaring or suspending an individual or organization, and prohibiting participation by an individual as an OSRI reviewer, advisor, or consultant. OSRI will find misconduct only after careful inquiry and investigation by an awardee organization, by another federal agency, or by OSRI. An "inquiry" consists of information-gathering and preliminary fact-finding to determine whether an allegation or apparent instance of misconduct has substance. An investigation must be undertaken if the inquiry determines the allegation or apparent instance of misconduct has substance. An "investigation" is a formal examination and evaluation of relevant facts to determine whether misconduct has taken place or, if misconduct has already been confirmed, to assess its extent and consequences or determine appropriate action.

Before OSRI makes any final finding of misconduct or takes any final action on such a finding, OSRI will normally afford the accused individual or organization notice, a chance to provide comments and rebuttal and a chance to appeal. In structuring procedures in individual cases, OSRI may take into account procedures already followed by other entities investigating the same allegation of misconduct.

The Director oversees and coordinates OSRI activities related to misconduct, conducts any OSRI inquiries and investigations into suspected or alleged misconduct in science and engineering, and except where otherwise provided, speaks and acts for OSRI with affected individuals and organizations.

After receiving an investigation report, the subject's rebuttal and recommendations of the Director, the OSRI Director may initiate further investigation or hearings or order interim or final actions. A written disposition specifying actions to be taken will be sent to affected individuals or organizations and will include instructions on how to pursue an appeal to the Director of the Institute.

#### **10.6.2 Role of Awardees**

Awardees bear primary responsibility for prevention and detection of misconduct. In most instances, OSRI will rely on awardees to promptly:

- 1) Initiate an inquiry into any suspected or alleged misconduct;
- 2) Conduct a subsequent investigation, if the inquiry finds substance; and
- 3) Take action necessary to ensure the integrity of research, the rights and interests of research subjects and the public and the observance of legal requirements or responsibilities.

Awardees should maintain and effectively communicate to their staffs appropriate policies and procedures relating to misconduct, which should indicate when OSRI must or should be notified.

#### **10.6.3 Reporting Possible Misconduct**

Possible misconduct in activities funded by OSRI should be reported to the OSRI Executive Director.

## 11.0 REFERENCES

Cullen, V (Ed.), 1988. Global Ecosystem Dynamics. Joint Oceanographic Institutions, Inc., Washington, D.C., 131 pp.

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Public Laws 101-380 and 104-324



## 12.0 APPENDICES

Appendix A	Congressional legislation establishing OSRI
Appendix B	Bylaws for OSRI Advisory Board
Appendix C	Charter for OSRI Scientific and Technical Committee
Appendix D	Grant Proposal application forms
Appendix E	Graduate Research Fellowship Application process & forms
Appendix F	Proposal Budget form (Excel spreadsheet) and instructions
Appendix G	Sample contract for OSRI award
Appendix H	Quarterly Report Form
Appendix I	Financial Report Form
Appendix J	Annual Report Form
Appendix K	Final Report Form
Appendix L	Partnership protocol with North Pacific Research Board