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A8.910
April 2012

A8.900 Extramurally Funded Research and Non-Research
Grants and Contracts

A8.910 Procedures for the Preparation and Submission of Proposals to
External Sponsors and the Review/ Approval Requirements for
Sponsored Agreements

1. Purpose

To establish policies and procedures which ensure that University of Hawai'i (UH) proposals and awards for extramurally funded programs are systematically reviewed and processed on a timely basis in accordance with applicable statutes, rules and regulations, UH policies and sound managerial practices.

2. Objective

To establish guidelines and procedures for the preparation, review, and submission of proposals to external sponsors and for the review and approval process of sponsored agreements.

3. Applicability

These procedures shall apply to all extramurally funded programs and activities entered into by the UH with the exception of the following:

- a. Tuition assistance agreements for military personnel and dependents, and ROTC agreements.
- b. Student Financial Aids, Scholarships and Loans program agreements.
- c. Non-financial affiliation agreements not related to extramurally funded projects
- d. Non-credit classes that do not involve federal funds where the funds will be deposited into the university's special or revolving fund accounts and provided the contract or agreement is not for the type of awards listed below:

- (1) Curriculum development projects at any level, including projects involving evaluation of curriculum or teaching methods.
- (2) Projects that involve students in community service activities for which they are receiving academic credit (e.g., service learning).
- (3) Activities funded by awards to departments or schools in support of students.
- (4) Dissertation work funded by grants, including grants for travel in relation to a dissertation.
- (5) Upward Bound Program.

4. Procedures

a. Preparation of Proposals

The Principal Investigator (PI)/Project Director (PD) prepares proposal(s) which include(s) the design of the scientific and technical specifications and statement of work (SOW). The PI/PD also develops an overall expenditure plan (budget) which specifies the program funding requirements including Direct Costs and Facilities and Administrative (F & A) Costs (aka indirect costs). Proposal preparation should be initiated by the PI/PD early in advance of the sponsoring agency's deadline to avoid last-minute haste which may result in unintentional errors or omissions. The PI/PD should start early discussions with the department Administrative Officer (AO) or Fiscal Officer (FO), the Department Chairperson, Chancellor/Dean/Director, or Office of Research Services (ORS), as appropriate, to provide timely notification of the proposed activity and to allow sufficient time for the proper review and consideration of University resources that are required in support of the proposed program or activity.

(1) Assistance in Proposal Preparation

ORS shall provide guidance and assistance in the preparation of proposals. For departments and units who do not have access to administrative or fiscal support, ORS shall supply such assistance in the preparation of proposals.

(2) Form and Content

Application forms and instructions for proposal preparation and submission are usually provided by the sponsor and should be followed accordingly. Programs

should use the format specified in Attachment A, "Proposal Format", when applying to those sponsors that do not provide application forms or a guide.

(3) Proposal Deadlines

Proposals should be reviewed by the department AO or FO, and approved by the Chairperson and submitted to the Chancellor/Dean/Director. After approval, the proposal shall be submitted to ORS for review and approval at least five business days prior to the sponsor's deadline. Discussion in advance of the deadline for the proposal with all concerned, especially with ORS is encouraged. If the proposal will result in a binding contract upon acceptance by the sponsor, it may be helpful to have drafts of the proposal reviewed by all appropriate parties before it is assembled in final form.

b. Review/Approval and Processing Requirements for Proposals

All proposals to external sponsors must be reviewed and endorsed by the AO or FO and approved by the Department Chairperson, Chancellor/Dean/Director, and ORS via a *myGRANT* Proposal Development record in accordance with the requirements prescribed below.

The informal transmittal of proposals to sponsors prior to official UH review and approval is strongly discouraged since the UH may not honor obligations resulting from proposals which have not been properly reviewed and authorized.

(1) Responsibilities of the Principal Investigator/Project Director

- (a) Ensure that all scientific and technical aspects of the proposed scope of work and the funding requirements for the attainment of program objectives have been identified and properly disclosed, and that all proposed cost sharing/matching commitments are available and properly documented. Particular attention shall be devoted to the identification of exposure to risks or potential risks under the proposed project, and to the commitment of UH resources (faculty effort, funds, space, and equipment) to the project.
- (b) Coordinate the creation and completion of a Proposal Development record in *myGRANT* and the entry of proposals and related information. *myGRANT* is the electronic grants management system used by the University of Hawaii. Proposal and required

attachments should be uploaded to *myGRANT* routed for all necessary approvals early in advance of the sponsor's deadline for proposal submission.

- (c) Once completed, submit the *myGRANT* Proposal Development record for electronic workflow approval by the department FO, the Department Chairperson, and the Dean/Director of each unit when more than one department or college is involved.
 - (d) If the sponsor requires electronic submission, ensure that the *myGRANT* Proposal Development record is created, proposal and required attachments are uploaded, and electronic approval has been received early in advance of sponsor deadline. If the sponsor requires hard copy submission, also ensure that the appropriate number of copies of the proposal application as required by the sponsor have been properly prepared in accordance with the format and requirements prescribed by the sponsor.
- (2) Responsibilities of the Department Administrative Officer (AO) or Fiscal Officer (FO)
- (a) Review the adequacy and completeness of the proposal and related budget, utilizing the Proposal Preparation Checklist (Attachment C) as necessary and appropriate.
 - (b) Consult with the PI to understand the program needs and to ensure that all costs are properly identified and realistically estimated in the proposed program budget.
 - (c) Ensure that all cost items included in the proposed budget are consistent with the policies and requirements of the UH and the sponsor.
- (3) Responsibilities of the Department Chairperson and Chancellor/Dean/Director
- (a) Evaluate and approve all aspects of the proposal application for:
 - (1) Substance and merit of the proposed program or activity.
 - (2) Academic appropriateness, desirability and compatibility with the mission of the unit.

- (3) Commitments of faculty and staff effort and its effects on teaching and other obligations of personnel involved.
 - (4) Adequacy of the proposed funding requirements.
 - (5) Other non-personnel program requirements such as equipment, special facilities, computer time, and other administrative support needs and arrangements.
- (b) Approval of *myGRANT* Proposal Development record for the PI's proposal shall signify acceptance and assumption of the full responsibility for the administration and fiscal accountability of the proposed research or non-research activity and to provide the necessary resources for the project.
- (4) Responsibilities of ORS
- (a) Final institutional review of all program and academic aspects including the proposed program budget to ensure conformity with UH, State, Federal, and sponsoring agency's policies and procedures, and all applicable laws, rules and regulations. ORS shall consider all items below.
 - (1) Completeness of proposal to ensure that all information required by the sponsoring agency is properly provided and in accordance with the prescribed format.
 - (2) That proper compliance approvals have been obtained.
 - (3) That proper documentation of all items required in the *myGRANT* Proposal Development record have been provided.
 - (b) Approve all research, non-research, and special project proposals signifying official UH sponsorship and submit electronic copies of the proposal(s) to the prospective sponsor. All hard copy proposals are forwarded by the PI to the prospective sponsor.
 - (c) Follow up, negotiate, and monitor the proposal's status with the sponsoring agency.

c. Negotiations with Sponsoring Agencies and Revisions to Proposals

ORS is designated as Authorized Organizational Representative (AOR) for all proposals to external sponsors including revisions thereto. Formal negotiations must be administrated through ORS for any and all changes. If any informal discussions or notifications should occur, the PI/PD should advise the sponsoring agency's representative that negotiations must be formalized through ORS. Although preliminary discussions may be appropriate, it should be clearly understood by all parties that sponsored programs can be officially established only after proposal applications and any necessary revisions have been reviewed and approved through the established UH channels.

d. Acceptance of Awards

Contract and grant awards from external sponsors shall be reviewed in accordance with the guidelines prescribed under Attachment D, "Guidelines for Acceptance of External Awards", and approved in the sequence outlined below. Official notification from sponsors should be directed to ORS for formal acceptance by the UH. If any award notification is inadvertently routed to the PI/PD or department, it shall be immediately forwarded to ORS.

(1) ORS shall:

- (a) Review the award notification from the sponsor to ensure that it is in response to an approved UH proposal and that the authorized funding and project period are consistent with the requested program requirements. If the award from the sponsor is not supported by an approved Proposal Development record or is otherwise without official UH sponsorship, ORS shall immediately notify the appropriate Chancellor/Dean/Director and PI and coordinate the necessary corrective action.
- (b) Be responsible for the final institutional review for all business, financial and legal matters pertaining to contracts, grants and cooperative agreements. This includes the review and approval of all terms and conditions relating to the method of financing, payment terms, indemnification and insurance requirements, financial accounting and reporting, and other administrative or financial management requirements that may be imposed by the sponsor. If the terms and conditions of an award are

not acceptable or in conflict with UH policy or governmental laws, rules or regulations, ORS shall specify changes that are acceptable and in the best interest of the UH and shall advise the UH department or unit as appropriate. Changes recommended by ORS shall be made on the award instrument and shall be a condition for award acceptance by the UH.

- (c) In accordance with UH policy, execute all agreements which require legally binding signatures on behalf of the UH.
- (d) Accept and acknowledge grant awards on behalf of the UH and where appropriate, forward executed contracts and agreements to the sponsoring agencies.
- (f) If the award is conditionally accepted, ORS shall forward the original and copies of the award agreement to the sponsor for acceptance and execution and shall follow-up and monitor the status with the sponsor.
- (g) Distribute copies of the fully executed award documents to the PI/PD and FO.
- (h) Report all external awards to the UH Board of Regents on a monthly basis.

ATTACHMENT A

PROPOSAL FORMAT

a. Cover Page

Programs should use the ORS sample of a cover page (Attachment B) for proposals to sponsors that do not specify a required format.

b. Budget

Budgeting is the process whereby the proposed scientific and technical scope of work is translated into an itemized and systematic plan of operation, expressed in dollars over a defined period of time. The program budget provides the sponsoring agency with an opportunity to examine the composition and viability of the proposed program/activity.

Unless otherwise specified by the sponsoring agency, proposal budgets should be in the following format:

1. Salaries - This section covers all salary requirements and should identify the types of personnel, an estimate of the number of months and percentage of full time effort each will devote to the sponsored activity, the salary rate, and the total amount of salaries to be paid from the proposed grant or contract. Names and titles of all key personnel and senior professional staff should be identified, whether a part of their salaries are to be directly charged to the project or pledged as UH cost sharing/matching. Cost sharing/matching funds must be checked and cleared through the appropriate UH official (see Section 5 of APM A8.947 for details). Salary rates included in the proposed Budgets are only estimates and should be noted as such. Actual salaries are set at the time of appointment or extension, in accordance with current salary scales and relevant UH policies.
2. Overload Salaries - Compensation on an overload basis for work performed by faculty and staff on the proposed program should be properly identified and budgeted for. The use of overload should be consulted with department AO or FO, ORS, UH Office of Human Resources, and with any other specific policies of the sponsoring agency.
3. Anticipated Salary Increases - Provision for anticipated collective bargaining increases, as well as for pending promotions or upward position reclassification and repricing must be properly budgeted for in the proposed funding application to sponsors. These increases should be considered for any program that extends beyond June 30th or for more than one year. Budgeted salaries should be properly footnoted to

explain the types of anticipated salary increases, the rate of increase, and the period for which the increases apply.

4. Employee Benefits - employee fringe benefits are treated as a direct program cost and must be provided for as an expense in the proposed program budget whenever salaries are identified.

The current fringe benefit rates to be used for budgetary purposes are provided in Attachment A of APM A8.911.

5. Direct Program Costs

- a. Travel - Indicate the number and estimated cost of trips as well as the destinations (if known) and the number of individuals for each trip. If the exact location is not known, the general geographic location should be specified. The estimated cost should be itemized by air fare or other mode of transportation, the number of days of per diem and daily rate, registration and conference fees, ground transportation, excess baggage and handling charges, and other related travel expenses. Most sponsors require a statement regarding the purpose of each proposed travel and its relevance to the sponsored program, particularly in connection with foreign travel. Some sponsors require prior approval of foreign travel. Foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions.
- b. Equipment Purchases - Each equipment item costing more than \$5,000 with a life expectancy of more than one year should be listed by type, manufacturer, and model number. Catalog or estimated prices including anticipated price increase (with proper justification), shipping, insurance, and custom fees (for foreign purchases), delivery and installation charges (if any), and applicable taxes should be included as part of the cost of equipment acquisition. Catalog prices and written vendor quotations should be retained as supporting documentation. If equipment needs are not definite, probable choices should be listed with estimated costs. Where it is difficult to predict the types and quantities, such as for the overhaul and restoration of a major system, circumstances justifying needs should be fully explained.
- c. Fabricated Equipment - The nature of the equipment to be fabricated should be properly identified with a detailed breakdown of component purchases, material and supply items, UH or RCUH cost center services, consultant fees, and sub-contract requirements. If the cost estimate is based on historical experience, documentation supporting costs should be made available for pricing review by the sponsor or Defense

Contract Audit Agency (DCAA). The total charges related to the equipment fabrication shall be ultimately recorded as "equipment" charges by the UH.

- d. Materials and Supplies - Materials and supplies should be identified by major categories with the estimated costs for each category. An indication of how the estimates were arrived should be provided. Prior year accounting records or other documentation may be used to support these estimates.
 - e. Consultant Fees - Costs for professional and consultant services of a particular profession or special skill required in the performance of a proposed activity should be properly justified and budgeted. To the extent possible, consultant fees should list all component costs, such as, rate of service fees, travel expenses, etc. Since intra-University consulting is assumed to be undertaken as part of the normal faculty and staff workload, extra compensation in addition to full-time base salary should not normally be budgeted for; this principle shall generally apply to all faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member within the UH.
 - f. Other Costs - This category includes all costs that can be specifically identified and are directly beneficial to the proposed program, such as, computer time, publication costs, telephone toll charges, etc. Items listed should be separately identified by class category with a justification for the estimated cost. For example, publication costs should list the number of pages to be published and the cost per page. All other direct costs listed should be supported in as much detail as possible and documentation should be retained by the department FO. Miscellaneous and contingency costs are not normally recognized by the sponsor and therefore should not be included.
6. Cost Sharing and Matching - Some federal sponsors require cost sharing/matching on awards. Since cost sharing/matching identified in proposals may become a contractual commitment of the UH, they should be kept to a minimum and be limited to those items that can be easily documented and verified, such as, salaries, wages and fringe benefits. Salary costs for Deans/Directors, administrative and clerical support personnel, and use of UH facilities and equipment shall not be utilized for cost sharing/matching since these costs are included as part of the University's indirect overhead computation. Costs that are financed from federal sources cannot be used for sharing/matching purposes.

Moreover, the same costs cannot be utilized as cost sharing/matching on more than one federal award. Documentation for

the cost sharing/matching must be obtained prior to proposal submission.

7. F & A Costs - Facilities & administrative (F&A) costs are real costs incurred by the UH that are common to all programs but which cannot be precisely assigned and charged to individual programs. F&A costs are those costs incurred for general administration support and maintenance and include expenditures relating to depreciation and use allowance, operation and maintenance, general administration and general expense, departmental administration expense, sponsored project administration, library expenses, and student administration and services. All proposals for external support should request for the full reimbursement of indirect costs as prescribed under Attachment A of APM A8.927.

8. Unexpended Balance - Proposals for the extension or renewal of existing sponsored activities may require an estimate of the unexpended balance anticipated upon expiration of the current grant or contract budget period. Considerable caution should be exercised in projecting unexpended balances since some sponsors apply the unexpended balance as partial funding support for the next budget period.

ATTACHMENT B

A PROPOSAL

SUBMITTED BY

UNIVERSITY OF HAWAII

TO: <SPONSORING AGENCY>
PROJECT TITLE: “<PROJECT TITLE>”
PRINCIPAL INVESTIGATOR: <PRINCIPAL INVESTIGATOR>
DEPARTMENT: <DEPARTMENT>
PROJECT PERIOD: <START DATE> to <END DATE>
AMOUNT REQUESTED: \$<AMOUNT>

AUTHORIZING UNIVERSITY
OFFICIAL: _____ DATE: _____
Administrative Officer

ADDRESS: University of Hawaii
Office of Research Services
Sakamaki D-200
2530 Dole Street
Honolulu, HI 96822

Please ensure that all correspondence regarding this application and project are addressed to the Office of Research Services.

ATTACHMENT C

PROPOSAL PREPARATION CHECKLIST

The following checklist items should be considered in the preparation and review of proposal applications to external sponsors. The checklist will help to ensure the rapid review of proposals within the UH, avoid delays in rewriting and revising proposals, and facilitate planning for the initiation of the proposed program.

A. Facilities

1. Will space presently available to the UH be adequate?
 - a. Has approval been obtained for the use of space needed for the project?
 - b. Are any of the following renovations required:
 - 1) Partitions, walls, or ceilings?
 - 2) Painting?
 - 3) New lighting arrangements?
 - 4) Additional electrical power and air conditioning?
 - 5) Water?
 - 6) Special services or facilities, new telephone, drains, fume hoods?
 - c. If renovations are required:
 - 1) Have costs been properly estimated and approved by appropriate UH personnel (FO, Department Chairperson, Chancellor/Dean/Director, Facilities Planning, and Facilities Maintenance Office)?
 - 2) Are costs properly included as direct costs in the proposed budget including nonrecurring charges, such as telephone installation and relocation?
 - 3) Are any of the funds to be provided by the UH? If so, are these funds available?
2. Will space not presently available to the UH be required?
 - a. If non-UH space is required:

- 1) Have rental or lease arrangements been discussed with the Procurement and Property Management Office?
- 2) Is rental cost included in the proposed budget? What about utilities and maintenance requirements?
- 3) Are facilities being provided by governmental, private or non-profit organizations without cost to the University?
- 4) If renovation of non-UH facility is required, have costs been properly budgeted?

b. If new facilities are to be constructed:

- 1) Have requirements been discussed with appropriate UH personnel (FO, Department Chairperson, Dean/Director, Facilities Planning or Facilities Management Offices)?
- 2) Are funds for planning and construction identified in the proposed budget?

B. Staff

1. If the following personnel requirements are provided in the proposal, have they been approved by the Department Chairperson and Chancellor/ Dean/Director?
 - a. Release teaching time of faculty
 - b. Faculty/staff salaries pledged for cost sharing/matching?
 - c. Overload salaries?
 - d. Are faculty/staff salaries shared between more than one external funding source and/or appropriated UH funds? If so, are there any gaps in funding due to varying program funding periods?
2. Have staff positions for administrative type personnel that are directly charged to the proposed program been discussed with ORS and specifically approved by the sponsor? Are these costs properly identified and justified in the proposed program budget?
3. Are anticipated salary increases and related employee fringe benefits properly included in the proposed budget? What about anticipated promotions, reclassifications, or repricing?

4. Are new faculty/staff positions required? Have personnel requirements been discussed with the assigned FO and UH Personnel Office to ensure proper classification and salary level are identified in the proposed budget? What about recruitment and relocation expenses? Are they properly identified (included) in the proposed budget?

C. Equipment, Material/Supplies, and Services

1. If the proposed program or activity requires extensive equipment acquisitions, surplus property, or equipment from foreign countries:
 - a. Have requirements and possible sources been discussed with the department FO and Office of Procurement and Real Property Management?
 - b. Have the equipment requirements been screened at the departmental level, or at Office of Procurement and Real Property Management to avoid duplication of purchase?
 - c. Have the acquisitions been specifically justified in the proposal if it will duplicate equipment already on campus?
 - d. Have U.S. Custom clearance requirements for foreign purchases or equipment loans been considered? Have costs been included in the proposed budget? Are there any time limitations for equipment loans?
2. If office/general purpose equipment will be needed:
 - a. Has it been budgeted as a direct cost through purchase or rental?
 - b. Does the proposal justify requested office/general purpose equipment, in terms of project requirements?
3. If the proposal calls for the purchase of computing equipment has the Computing Center or Management System Office been consulted to ensure necessary approvals?

D. Special Considerations

1. If the proposal involves the use of human subjects, has provision been made for review in accordance with current UH policy and has the human subjects application been completed and forwarded to the Committee on Human Studies (CHS)?
2. If the proposal involves the use of any live vertebrate animals in the research experimentation, testing, non-

research, or related purposes; has provision been made for review by the Institutional Animal Care and Use Committee?

3. If the proposed project involves radiation safety and environmental hazards, or recombinant DNA; has the Institutional Biosafety Committee (IBC), or the office of the Assistant Vice Chancellor for Research and Graduate Education been consulted and Environmental Health & Safety Office (EHSO) been consulted?
4. If restrictions on information or security classification will be required:
 - a. Has the project been discussed with the Department Chairperson, Dean/Director, and ORS?
 - b. Has security matters, including safekeeping of facilities and security clearances been discussed with the UH Security Officer?
5. If other institutions are participating in the proposal, has appropriate institutional approval from the participating institution been obtained? Is the role of each institution clearly stated in the proposal to avoid misunderstandings and potential disputes? If applicable, are subaward costs included in the budget?
6. If the proposed project is likely to result in the publication of a book or monograph:
 - a. Has publication cost been included in the proposal?
 - b. Have publication arrangements been discussed with the UH Press?
7. If the proposed project involves potential risks, hazards, or financial liability to the UH, such as the use or rental of ocean vessels, aircrafts, deep sea diving equipment, contagious matter, untested or potentially dangerous drugs, etc., have proper precautions been taken?

Is the UH properly indemnified?

Is special insurance liability coverage required and are costs properly included in the program budget?

8. If a proposed research or non-research activity will be primarily conducted in a remote location or foreign country;

have all unique requirements been properly identified and justified in the budget?

- a. Camping and food provisions?
 - b. Hiring of interpreters, guides, escorts, and local ground transportation?
 - c. Some foreign countries practice the barter system -- have these costs been specifically justified and budgeted?
 - d. What about fluctuating currency exchange rates?
9. Does the proposal commit the UH to continue the proposed activity beyond the period of the sponsor's funding? Beyond anticipated retirement or resignation date of the principal investigator? If so, do planning and budgeting offer appropriate support for all such commitments?

E. Transmittal of Proposal

1. Has ORS Form 5 been properly completed and approved internally within the UH?
2. Have the necessary number of copies of the proposal been assembled, including:
 - a) Complete budgets?
 - b) Biographical information on principal investigator and senior personnel?
 - c) Any special enclosure requirements?
3. If special information should be included in the transmittal letter from the UH, has it been drafted and included with ORS Form 5?
4. If more than one department or college is involved, has ORS Form 5 been reviewed/approved by all parties?

Attachment D
GUIDELINES FOR ACCEPTANCE OF EXTERNAL AWARDS

A. Introduction

The guidelines below have been developed to facilitate understanding with external sponsors in the negotiation process of contract/grant terms and conditions that are acceptable to the UH. These guidelines shall apply uniformly to all externally financed programs and activities, particularly those involving private industries, foundation, and solicited proposals (Request for Proposals) that are submitted to federal agencies which become binding contractual agreements upon acceptance.

B. Guidelines

1. Best Effort and Full Cost Recovery

The UH received no fee or profit from its research/non-research programs to cover potential business risks. Since many research/development and specialized non-research projects are unique and unpredictable in nature, projects accepted by the UH should generally be conducted on a best effort and full cost recovery basis.

For this reason, the UH should generally avoid contracts that are on a fixed price or fee basis which establish rigid deadlines and impose penalties for failure in meeting schedules; and that require performance warranties/guarantees.

2. Financial Stability of Sponsors

Although programs/activities that are sponsored by governmental agencies are usually backed by the financial strength of the State, County, or Federal Government, private industry and nonprofit organizations must rely on their available working capital and financial mainstay to finance sponsored programs that are awarded to the UH. It is therefore critical that programs which are supported by nongovernmental agencies be carefully evaluated to ensure their ability to cover costs of the sponsored program since any defaults on payment(s) is the responsibility of the PI, Department Chairperson and ultimately the Chancellor/Dean/Director.

3. Method of Financing

Advance funding from sponsors is the ideal financing arrangement since the UH has a very limited amount of working capital to cover cost reimbursable projects. Moreover, the UH cannot borrow funds for these purposes.

Advance payment schedules when possible, should be negotiated with the sponsoring agency based on the magnitude, scope of project, length of project period, and the anticipated needs of actual expenditures. If projected program expenditures are evenly distributed throughout the duration of the program, quarterly payments in advance should be negotiated with the sponsoring agency. Lump sum payment in advance would be desirable for those agreements that are less than \$15,000 in value. If financing must be on a cost-reimbursable basis, then the frequency of reimbursement shall be no less than monthly due to cash flow considerations.

4. Preaward Authorization

When a new contract or grant award has been approved for funding by the sponsoring agency but delays are expected in the processing of formal award which would adversely impact the program or activity due to urgent and critical program requirements, preaward authorization must be negotiated with the sponsor unless otherwise delegated to the UH. Preaward authorization would allow the incurrence of program costs prior to the effective date and receipt of official award from sponsor. Otherwise, costs incurred prior to the effective date of the sponsored agreement, whether or not they would have been allowed if incurred after such date will be disallowed by the sponsoring agency. Negotiation of preaward authorization with the sponsor must be properly justified and supported with a realistic estimate of program funding needs and a definite time period (usually no longer than 90 days prior to the effective date of award). Costs that are incurred beyond the authorized funding limits or time period established by the sponsor would be disallowed.

5. Excessive Financial Reporting Requirements

The UH's financial management system in support of Federally financed programs/activities has been developed in accordance with the standards and requirements prescribed under the Office and Management Budget Circular A-110. Circular A-110 promulgates standards for obtaining consistency and uniformity among Federal agencies in the administration and reporting of grants and other agreements with public and private institutions of higher education. Federal agencies should therefore not impose more stringent reporting requirements for non-construction projects that are not consistent with the reporting requirements prescribed under Attachment G of A-110; such as, the reporting of all personnel charges by name and title, detail travel cost breakdown by traveler and each trip, or the listing of all equipment acquisition with supporting

documentation for proof of purchase. In addition, financial reports to Federal agencies should generally not be required more frequently than quarterly with submission deadlines no later than 30 days following the end of each specified reporting period for quarterly and semi-annual reports, and 90 days for annual and final reports. Excessive reporting requirements should similarly be avoided in the negotiation of contracts and grants that are not subject to A-110 requirements.

6. Indemnification and Insurance Requirement

A careful evaluation must be made prior to the acceptance and undertaking of all extramurally financed programs and activities of the UH to determine the extent and possible exposure to risks, potential liabilities and hazards. This evaluation process is necessary to ensure that the UH is adequately protected from exposure to losses that may occur as a result of its participation or performance of work prescribed under research and non-research agreements.

a. Indemnification

The UH Board of Regents (BOR) has authority to approve indemnification in certain situations. This involves a process that includes review by the ORS Director, OGC, CFO, VP for Research and President before it goes to the BOR for their decision.

There are 2 other exceptions to state law: Hawaii Revised Statutes allow state agencies to indemnify United States agencies (29-15.5) and the UH can indemnify collaborating institutions in Material Transfer Agreements (handled by the University of Hawaii Office of Technology Transfer and Economic Development (OTTED)) (304-6.5).

The UH has approved alternate (responsibility) language that is acceptable when the other party requires the UH to indemnify it. One version is, "UH shall be responsible for damages or injury caused by UH's agents, officers, and its employees in the course of their employment, to the extent that UH's liability for such damage or injury has been determined by a court or otherwise agreed to by UH, and the UH shall pay for such damages and injury to the extent permitted by law."

b. Liability Insurance

As a state institution, the UH is covered by the State of Hawaii's insurance program and the state's self-

insurance. Statements of self-insurance are available upon completion of the Risk Management Form. Customarily, an executed award document will be required prior to issuance of a statement of self-insurance. Statements of self-insurance are different from "Certificates of Insurance." The UH does not provide Certificates of Insurance.

Additional insurance may need to be purchased for high-risk projects. The cost of the additional insurance should be included in the budget and paid for by the sponsor. Such insurance should be purchased through the University of Hawaii Office of Risk Management (ORM).

The UH's standard insurance language is as follows, "The University of Hawaii, as an agency of the State of Hawaii, operates primarily on a self-ensured basis. A statement of self-insurance is available upon request."

7. Governing Law
All agreements from sponsors must be administered in accordance with laws of the State of Hawaii.