

HMS ALLOWABILITY PANEL INQUIRIES

QUESTION 1:

Should an HMS exempt employee with an appointment at an affiliate institution be paid as a consultant on a grant?

- We (HMS) are the prime recipient of an NIH award that has a subcontract to Institution A. This grant is active.
- There is an affiliate-appointed investigator who is an HMS exempt employee (“the investigator”), due to the current dual appointment arrangement with Department.
- The investigator is not the PI of the NIH grant, but works directly with the PI at Department.
- The investigator was apparently budgeted as a *paid consultant* on the Institution A subcontract issued by HMS; he has not yet consulted or been paid the consulting fee as of yet.

ANSWER 1:

The panel reviewed the scenario described and determined that the HMS exempt employee/affiliate-appointed investigator should not be paid as a consultant from the HMS subaward issued to Institution A. In reaching this decision, we relied primarily on the [“Statement of Activities of Holders of Academic Appointments,”](#) in particular section 3, *Consulting and Related Activities*.

We understand that you are currently working with HMS SPA to rectify this issue, but please let us know if you have any further questions.

Thanks,
The HMS Allowability Panel

QUESTION 2:

Is a CWD class fee for Outlook training an allowable cost on an NIH grant?

First, we didn’t think it would be an allowable costs since it’s a basic software training that is not project specific, but we have a counter argument that this person is solely dedicated to the project and need skills in Outlook to perform her job. Since it’s for a basic skill that could be transferable, I don’t think that it should be allowable, but I couldn’t find good NIH policy to support my thinking.

ANSWER 2:

Given this was an allowable cost question, the HMS Allowability panel reviewed the scenario you described regarding the investigator’s desire to direct charge a CWD Outlook class fee to a federal award.

The panel agrees with your assessment that this expense should not be charged to the NIH grant. The CWD Outlook class is basic software training to support an administrative function and is not directly attributable to the research project. As a Harvard employee, this individual would be expected to become proficient in using Harvard's email system unrelated to his/her work on the sponsored award.

In reaching this decision, we referenced the current Federal Sponsored Expenditures Guidelines; in particular, we applied the cost principles, which are cited on pp. 2-3.

Thanks,
The HMS Allowability Panel

QUESTION 3:

An investigator is having a difficult time recruiting qualified Software Engineers for NIH funded projects and wants to use an outside agency to recruit for the position. Would the agency fee allowable on a federal award?

Based on your email and follow-up discussion, we understand the following applies in this particular case:

- The Software Engineer's effort will be charged 100% to this grant. The award began in October 2014 and this is a 4-year grant.
- Filling this position is essential to the success of the project.
- You have worked with HR to try to recruit someone with the required skills without success. You tried to troubleshoot with HR once, by convincing HR that the classification/salary grade was too low to attract individuals with the appropriate skill set, but were still unable to recruit a suitably qualified candidate.

ANSWER 3:

The Panel determined that it would be appropriate to direct charge the recruitment fee, at or below standard commercial rates, to the NIH award in question (in accordance with the Uniform Guidance, §200.463 – see excerpt below) as you have in good faith exhausted the standard HR recruitment process without success. Further, given the Software Engineer is critical to the success of the project and is going to be allocated 100% to the award, it is appropriate to charge the fee exclusively to this one award.

The Harvard Sponsored Expenditures Guidelines (SEG) offer an important caveat for the department's consideration, specifically "where recruitment costs incurred have been funded in whole or in part as a direct expense on a federal award, but the newly hired employee resigns within 12 months after hire, Harvard is required to refund or credit the federal share of those recruitment expenses." The expectation would be that the department would reimburse the recruitment fee to the award if the Software Engineer resigns within 12 months; if the Software

Engineer reduces effort on the project and/or begins to work on another sponsored award within that 12 month period, we would be happy to help work through a reasonable solution.

We also wanted to inform you that relocation costs can be direct charged in accordance with the SEG, in case this becomes relevant during this recruitment process, if "...there is a permanent change of assignment of an existing employee or upon recruitment of a new employee [and] relocation of the employee directly benefits and is essential to the project(s)."

Thanks,
The HMS Allowability Panel

Reference:

§200.463 Recruiting costs.

(a) Subject to paragraphs (b) and (c) of this section, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to the non-Federal entity's standard recruitment program. Where the non-Federal entity uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

QUESTION 4:

A post-doctoral research fellow in an HMS Department has 100% of his salary charged to an R01. The research fellow, separately and individually, applied for and received a fellowship from the Alexander Humboldt Foundation. The aim of the fellowship is to promote scientific cooperation between the host institution (HMS) and a young German scholar. The HMS PI will continue to mentor the research fellow and the fellow will continue to work solely on the R01. The fellow does not appear to be a Key Personnel on the R01. The fellowship will pay 2/3 of this individual's salary directly into a personal bank account in Germany.

May we proportionately reduce the fellow's salary on the R01 to 1/3 of the total salary, but leave the committed effort as 100%?

ANSWER 4:

Based on its website, The Alexander Humboldt Foundation appears to be a resource for German scientists to engage in research in Germany and abroad. The following appears on its website:

If you are a scientist or scholar from Germany you can profit from our support and carry out a research project abroad as a guest of one of more than 26,000 Humboldt Foundation alumni worldwide - the Humboldtians.

The Foundation does not clearly impose any additional terms or obligations upon recipients of its fellowships and appears to simply serve as a resource to help German scientists engage in research. Therefore, circumstances lead us to believe the funds awarded by the Foundation serve as a financial resource rather than impose any research-related obligations upon the recipient.

From a compliance point of view, our initial concern is to ensure the fellow does not exceed the salary cap for federally sponsored awards. The scope of such review would also extend to whether such a circumstance would require a reduction in the effort committed to the R01.

Here, the Department proposes to reduce the amount of the fellow's salary that is charged to the R01 in proportion to the benefit received from the Foundation. Since the fellow will continue to work exclusively on the R01, it will keep the effort committed at 100%. After careful review, the HMS Allowability Panel feels that the steps proposed by the Department are appropriate and compliant.

Hypothetically speaking, if the fellow was also a Key Personnel listed on the R01, an updated Biosketch, listing the Foundation as Other Support without any effort committed should be submitted with the progress report.

Also worth noting is that if the fellowship funds were directly awarded to HMS, we would NOT be able to pay the same person both a salary (from an R01) and a stipend (from a fellowship) at the same time.

QUESTION 5:

One of our faculty members is asking if we could charge cost of child care on an NIH grant based on a Q&A. She a Co-PI on a U01 grant and travels often for the required meetings. Is her child care an allowable expense?

The following are [Q&A from the NIH website](#):

Can Institutions use grant funds for dependent care expenses?

Yes, NIH grant awards provide for reimbursement of actual, allowable costs incurred and are subject to OMB Cost Principles. Generally, institutions treat child care expenses as an employee or fringe benefit. Fringe benefits are allowable as part of overall compensation to employees in proportion to the amount of time or effort employees devote to the grant-supported project, provided such costs are incurred under formally established institutional policies that are consistently applied regardless of the source of support. Alternatively, child care expenses may be incorporated into facilities and administrative (F&A) costs (also known as indirect costs).

Can grant funds be used for child care when employees of grantee institutions attend project-related conferences and meetings?

Yes. As noted in the answer to the previous question, NIH grant awards provide for reimbursement of actual, allowable costs incurred and are subject to OMB Cost Principles.

Generally, travel costs associated with project-relevant conferences are allowable if reasonable and consistent with the institution's established travel policy.

According to the answer to the first question, it states that child care expense may be incorporated in to F&A (IDC), but the answer to the second question seems to indicate that it is allowable.

The following statement is from the [2015 NIH Grants Policy](#):

Child Care Costs *Allowable if incurred to assist individuals to participate as subjects in research projects. Such costs also may be allowable as a fringe benefit for individuals working on a grant-supported project.*

Fringe Benefits *Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in 45 CFR 75 Subpart E, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement, or an established policy of the non-Federal entity.*

ANSWER 5:

Federal sponsors treat child care expenses as fringe benefits or as institutional indirect costs (F&A). Such costs are generally permissible if deemed allowable/allocable, reasonable and consistent with institutional policy.

Despite the flexibility noted by federal sponsors for grants to provide for the reimbursement of dependent care expenses for project-related travel, such costs must be allowable under formally established institutional policies that are consistently applied regardless of the source of support. The University currently does not have a policy or process by which such expenses can be recovered.

Such costs are not currently included in the University F&A rate calculations or applied to HMS fringe benefit rate. The issue of incorporating such allowances was recently weighed by the University during the transition and adoption of the Uniform Guidance. In light of the existing resources available to certain qualified faculty, the University declined to pursue a new policy.

Unfortunately, the University does not provide a policy or mechanism by which dependent care while on travel expenses can be directly charged on research grants. Therefore, such expenses may not be charged directly or indirectly.

Alternatively, we would encourage faculty to consider applying for a [Research Enabling Grant](#) that is offered through the Office of the Senior Vice Provost. These Grants are intended to

provide financial assistance to pre-tenure ladder faculty facing work/life or personal/family challenges that threaten to impede their academic research and/or their progress at Harvard.

QUESTION 6:

Could WebEx services be an allowable expense on a federal grant?

- WebEx will be used to web-conference with the investigators on a U19 collaborative grant (three U.S. and one international location).
- Investigators meet monthly to share recent data with one another and the Scientific Advisory Committee and invite directional and scientific feedback. Through WebEx, the presentation slides are shared in real time, and the meetings are recorded for review.
- The free trial version has expired and the individual projects are beginning to produce more detailed data that must be shared in real-time.
- The monthly cost of the service for up to 25ppl is \$49 per month and if we sign up for an annual plan it is \$39 per month (renews annually).
- This cost was not budgeted in the grant.
- At this time the service would only be used on the U19 grant.
- The program manager contacted Harvard IT to see if there was an existing membership we could use. We were advised we could purchase the service but the rate was \$1.00 more per month.

ANSWER 6:

Allowable as a direct charge.