March 30, 2012

Mrs. Jamie H. French
Grants and Agreements Officer
NATIONAL SCIENCE FOUNDATION
Office of Budget, Finance and Award Management
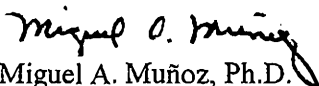4201 Wilson Boulevard
Arlington, VA 22230

Dear Mrs. French:

As per our commitments contained in the letter sent to you February 27, 2012, please find enclosed the UPR's FINAL NSF CAP FINAL STATUS REPORT. The final report also includes the UPR's STATUS REPORT on the Time and Effort policies and web based Effort Reporting System (ERS) implementation in APPENDIX 11, which was sent together with a Preliminary Draft of the NSF CAP Final Status Report to NSF on March 15, 2012. The latter appendix consolidates the university's response and corrective actions to NSF's Recommendations 13 and 14 for the Resource Center for Science and Engineering (RCSE), and Recommendation 5 for the Research and Development Center (R&DC) of UPR Mayaguez.

Allow me also to address your concerns related to the identification of TER non-compliance issues, and the university's interim solution(s) as per your email communication to Mrs. María Vargas on March 29, 2012. In this regard, we provide detailed supplemental information on this topic with this letter.

As a follow-up on the Special Payment Status condition, we reiterate our gratefulness for all assistance and guidance being provided by NSF that has already allowed correction and incorporation of additional information on form SF270. Along this line, the R&DC and RCSE has proceeded to submit reimbursement petitions with all the correct format, and supporting Time and Effort Reports (TERs), for the periods of July to December 2011.

We sincerely hope that the actions taken by the UPR have adequately addressed all suggestions and concerns contained in the NSF CAP. Once again, I would like to underscore that the UPR and its entire community value and cherish its long-term relationship and partnership with NSF. Accordingly, we are willing and available to provide any additional information or documentation deemed necessary for successful fulfillment of all the UPR commitments embossed in the UPR's NSF CAP, and its Special Payment Status condition.

Cordially,

Miguel A. Muñoz, Ph.D.

sdr

Enclosure

c   Mrs. Karen Tiplady, Director Division of Grants and Agreements (DGA) NSF
    Mr. Jason. Madigan, Team Lead EHR/OIA NSF
    Mr. Luis. Berríos, Esq., President Board of Trustees University of Puerto Rico
    Dr. José Lasalde-Dominicci, Vice President of Research and Technology

STATUS REPORT

on the

UNIVERSITY OF PUERTO RICO'S

RESOURCES CENTER FOR SCIENCE and ENGINEERING (RCSE) (UPR-CENTRAL ADMINISTRATION)

and

RESEARCH and DEVELOPMENT CENTER (R&DC) (UPR-MAYAGÜEZ)

CORRECTIVE ACTION PLAN (CAP)

for the

NATIONAL SCIENCE FOUNDATION (NSF)

SUBMITTED BY:

UPR
DR. MIGUEL A. MUÑOZ, PRESIDENT

March 30, 2012

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# PART A. UNIVERSITY of PUERTO RICO - CENTRAL ADMINISTRATION RESOURCE CENTER FOR SCIENCE AND ENGINEERING (RCSE)

## CORRECTIVE ACTION PLAN (CAP)
### STATUS AS OF March 30, 2012

**Reported Recommendation 1.** UPR CA develops formal overarching policies and procedures for the areas directly affecting the general management of federal awards.

**Proposed Corrective Action(s) 1.** The UPR Central Administration office, the RCSE, and the Mayagüez R&D Center concurs with the recommendation of the National Science Foundation and will establish an overarching policies and procedures for all pre- and post-award management of NSF funds. All policies and procedures will be available in writing. This will include general management of federal awards: approval, submission processes, re-budgeting, budgeting, and expenditure monitoring, cost transfers, and award-related goods and services expenditure approval. The Vice President for Research and Technology (VPRT) of the UPR system, who is responsible for overseeing all pre and post award management of federal funds, has constituted a task force that he will preside and will have as members the Directors of the RCSE and R&D Center and the RCSE Associate Director, who has broad experience in pre and post award management of multiple federal agencies. The task force will assure that the policies and procedures are fully in compliance with all federal regulations and will incorporate, as needed, the directors of Sponsored Research Offices of the four UPR campuses that have significant amount of NSF funding, in the preparation and implementation of the Corrective Action Plan. The VPRT, as President of the Task Force, will periodically give progress reports and consult the Chancellors of the eleven campuses during the monthly collegiate meeting of the President with the System Chancellors. The document that will result from the task force undertaking will be entered in a webpage that will be accessible to all pre and post award management officials of the UPR system. Furthermore, the Vice President for Research, in collaboration with the RCSE and the R&D, will put in place a capacity building program to ensure that all officers dealing with federal funds properly understand and are trained in the use of policies and procedures. The Task Force considers it advisable to retain the services of a consultant with expertise in pre and post award management of external funds to advise the Task Force and evaluate the formal overarching policies and procedures for the UPR System as they are developed.

**Status Report 1. Done:** The overarching policies and procedures (pre- to post-award) for the general management of federal awards have been revised and incorporated into a system-wide **Handbook of Policies and Procedures for Sponsored Programs at the UPR (Appendix 1).** Following NSF's suggestions, this handbook provides overarching, system-wide norms that shall guide and permit full and continued compliance by the UPR with the requirements of all federal sponsoring agencies, including OMB Circulars A-110, A-21, A-133, among others.

The "Handbook of Policies and Procedures for Sponsored Programs at the UPR" was prepared done under the leadership of the office of the Vice President for Research and Technology, with the collaboration of a system-wide committee composed of sponsored programs professionals certified by the PR Chapter of the Society for Research Administrators International, and input from diverse officials and faculty of the UPR campuses. The committee was composed by members from UPR-Humacao (Mrs. Gladys de Jesús, Office for External Resources); UPR-Cayey (Mrs. Gladys Ramos and Mrs. María M. Santiago, Office for Sponsored and External Resources) UPR-RCM (Mrs. Ivette Martínez, Office for Sponsored Programs), Resource Center for Science and Engineering (María Vargas, Associate Director), Research and Development Center (R&D Center Director Dr. Walter F. Silva Araya and Mr. Darío Torres), and Maximus, Inc. (Mrs. Gloria Fernández). Additional significant input on policy development was also provided by the VP for Research and Technology (Dr. José A. Lasalde), the Associate Vice President for Research, Dr. Walter Silva, and Dr. Carlos Cabrera (Associate Vice President for Technology), the Legal Division of the UPR (Esq. Martha Vélez; Esq. Marie Santiago), Luis M. Villaronga, Esq. (UPR Board of Trustees), the UPR Office of Internal Auditors (Ms. Evelyn Jiménez, Director; and Ms. Karla Aguirre), Mr. Doyle Smith (Maximus, Inc.), Mr. Norberto Pérez (Director SPO, UPR-Medical Sciences Campus), and Dr. David Gulley (Vice Chancellor for Research, University of Illinois-Chicago).

The handbook's preliminary draft was distributed to all campuses and university research units for their comments and suggestions. The constituent's feedback was appropriately taken into account in the generation of the final draft. As per the university's commitment, we previously informed Mr. Wayne K. Thomas, Director of Operations Division of Grants and Agreements NSF, on a letter dated August 26, 2011 (**Appendix 2**) that the final draft of the handbook was made accessible to all the community as a NEW document under the Research Development section at the webpage of the VPRT: http://acweb.upr.edu/vpit/index.html.

Appendix 1 contains the handbook's revised version as of March 11, 2012. The Committee on Policies and Procedures for Sponsored Research under the VPRT, has been reappointed and shall become a standing committee of the VPRT. This committee will begin April 2012 system-wide capacity building workshops on the manual and its content. Furthermore, the latter committee shall dynamically review the handbook's content for a pro-active updating of all required policy and procedural changes by institutional, federal and sponsoring entities.

**Reported Recommendation 2.** UPR CA develops policies and procedures establishing criteria to be followed for the selection of programs and awards managed by the RCSE.

**Proposed Corrective Action(s) 2.** The RCSE already has a charter that was approved by the Board of Trustees of the UPR. The charter delineates all the pre and post award management activities of the RCSE. It also stipulates the awards that can be managed by the RCSE: the ones that are multicampus, multidisciplinary, or transdisciplinary in nature. It can also manage other grants with the prior approval from the Chancellor or dean of the campus that generates the proposal. A written document explaining the process to accept other grants will be developed and it will be part of the written policies and procedures. For all of these pre and post award management procedures that involve another campus, a document already exists on how to

manage them, in the case of the R&D Center of the Mayagüez Campus. This written procedure will be expanded to encompass all the 11 campuses of the UPR.

**Status Report 2. Done:** As per document submitted to NSF on 8/16/2010, the then VPRT, Dr. Héctor Santiago Anadón, signed July 22, 2010 the document outlining the policies and procedures to be followed in the selection of projects and programs that can be managed by the RCSE (**Appendix 3**). Furthermore, the latter documentation was appropriately included in the RCSE Charter (**Appendix 4**).

**Reported Recommendation 3.** UPR-Central Administration Office and the RCSE to jointly develop a Memorandum of Understanding (MOU) for the services that will be provided for UPR-Central Administration and the other UPR campuses.

**Proposed Corrective Action(s) 3.** The RCSE already has a memorandum of understanding (MOU) with the R&D Center at the Mayagüez campus and a verbal agreement with the Dean of the College of Natural Sciences at the Río Piedras Campus. This MOU will be revised to encompass all UPR campuses. The specifics of the MOU will vary depending on the scope of work of each award, requirements, and the campus.

**Status Report 3. Done:** As per document submitted to NSF on 8/16/2010, the then VPRT, Dr. Héctor Santiago Anadón, signed July 22, 2010 the document outlining the policies and procedures to be followed in the selection of projects and programs that can be managed by the RCSE. This document (**Appendix 3**) also provides the basis for the memorandum of understanding (MOU) and/or agreements to be reached regarding the host of services which the RCSE can provide to the different campuses of the UPR. Furthermore, the latter documentation contained in Appendix 3 was appropriately included as part of the RCSE Charter (**Appendix 4**).

**Reported Recommendation 4.** UPR-Central Administration Office establishes policies and procedures to document the personnel authorized to submit, accept, and negotiate awards on behalf of the UPR-Central Administration Office, RCSE.

**Proposed Corrective Action(s) 4.** The UPR President, the VPRT, and the RCSE Director already have procedures to authorize, submit, and negotiate awards on behalf of the UPR Central Administration Office. These procedures will be written and documented, and will be included in the formal procedures of the overarching policies and procedures for all pre and post award management.

**Status Report 4. Done:** As per document submitted to NSF on 8/16/2010, the then VPRT, Dr. Héctor Santiago Anadón, signed July 22, 2010 the document establishing Mrs. María Vargas as the institutional Authorized Organizational Representative (AOR) for the RCSE under the UPR-CA. This designation and confirmation letters can be found in **Appendix 5**.

UPR-Central Administration Office review the roles and responsibilities of the RCSE personnel to prevent any principal investigator from having the ability to make administrative decisions for the RCSE, and maintain appropriate segregation of duties.

**Proposed Corrective Action(s) 5.** The RCSE Director, who responds directly to the VPRT, who - in turn - responds to the UPR President, has in place procedures for making administrative decisions for the RCSE that have been delegated by the President to the VPRT, who - in turn - delegates it to the RCSE Director. The only possible appearance of conflict of interest is when the RCSE Director, who is PI or Co-PI in several RCSE major grants, makes administrative decisions with respect to those grants. The procedures will be amended in such a manner that when the RCSE Director's decisions merit or require appropriate segregation of duties, the corresponding administrative decisions will require the direct approval of the VPRT. These procedures will be written and documented.

**Status Report 5. Done.** The roles and responsibilities of RCSE personnel are outlined in the RCSE Charter **(Appendix 4),** the latter segregation of duties duly respond to the university's organizational structure, as can be depicted in the UPR's and RCSE's organizational chart (see Charter's Appendix A). The latter prevents any principal investigator from having the ability to make administrative decisions for the RCSE. Even in the case of the RCSE Director, his administrative actions require the explicit endorsement and approval of the VPRT, and final authorization by the President of the UPR.

**Reported Recommendation 6.** RCSE document its self-governing policies and procedures for the approval of proposal budgets, expenditure/budget monitoring, re-budgeting, cost transfers and expenditure approval for award-related goods and services.

**Proposed Corrective Action(s) 6.** This point is directly related to Point 2. As stated above, the RCSE already has a charter that includes all the self-governing policies and procedures that the RCSE follows. These procedures will be revised and improved to include the following procedures: expenditure/budget monitoring, re-budgeting, cost transfers, and expenditure approval. The RCSE will document this process and submit them for the approval of the VPRT.

**Status Report 6. Done.** The RCSE's self-governing policies and procedures for the pre- and post-award management of the RCSE were developed and included in the Charter **(Appendix 4),** these includes: expenditure/budget monitoring, re-budgeting, cost transfer and expenditure approval. The latter are aligned and abide with the new overarching Handbook of Policies and Procedures for Sponsored Programs **(Appendix 1)**. Additional more detailed desktop procedures, that outline the self-governing policies and procedures for the pre- and post-award management functions have also been generated by the RCSE **(Appendix 6)**.

**Reported Recommendation 7.** UPR-Central Administration Office develop a method/tool to allow employees easy access to the most current procedures associated with the administration of

federal awards. In addition, we strongly recommend the policies and procedures are located on a website or intranet to allow access for all employees.

**Proposed Corrective Action(s) 7.** The task force fully agrees with this recommendation. The task force will develop web-based methods and tools for all pre and post award management, accessible to all personnel that manage federal awards. A capacity building process will be put in place to train employees in the use of the website. The VP has the resources for the development of the necessary websites. The Information System Office of the CAO has the necessary resources to develop the website.

**Status Report 7. Done:** See response to Item 1. The university has undertaken a three-pronged approach for the new handbook's dissemination, education and training. First, as previously stated, the draft overarching Handbook of Policies and Procedures for Sponsored Programs **(Appendix 1)** was distributed to all campuses and research units for their comments and feedback; secondly, the handbook was made available to all the university community August 31, 2011 via the VPRT's website; and third, the VPRT's Committee on Policies and Procedures for Sponsored Research will begin April 2012 system-wide capacity building workshops on the manual and its content.

**Reported Recommendation 8.** UPR-Central Administration Office develops, formalize, and disseminate policies and procedures for the proper accounting treatment of unallowable costs in compliance with federal regulations.

**Proposed Corrective Action(s) 8.** The UPR will develop a process for the accounting treatment of unallowable costs, in compliance with federal regulations. The process will be available in writing and through the web, and will be formalized and disseminated through the UPR System.

**Status Report 8. Done.** The final overarching policies and procedures on the accounting treatment of unallowable costs, were developed formally and incorporated in the Handbook of Policies and Procedures for Sponsored Programs at the UPR, made accessible to all the community as a NEW document under the Research Development section at the webpage of the VPRT for general use and reference **(Appendix 1)**. The latter are in compliance with federal regulations 2 CFR 21 (b)(6) and OMB Circular A-21, Section C.12. Please see the handbook's section on Allowable and Unallowable Cost (Expenditure monitoring), Section II.B.4.g **(Appendix 1)**.

**Reported Recommendation 9.** RCSE develop policies and procedures for the accounting and financial functions performed by the Center employees. The procedures should provide sufficient detail to allow a new employee the ability to understand and follow established practices.

**Proposed Corrective Action(s) 9.** The RCSE has clear policies and procedures for all accounting and financial functions. The documentation of these procedures has already started and will be available in writing and through the web. A capacity building program will be