



I, Salvador Antonetti Zequeira, Secretary of the Board of Trustees of the University of Puerto Rico, DO HEREBY CERTIFY THAT:

The Board of Trustees, in its regular meeting on the 26th day of September of 2009, having considered the recommendations of the President of the University of Puerto Rico, approved the following:

INSTITUTIONAL POLICY FOR THE ACQUISITION, USE AND AUDITING OF EXTERNAL FUNDS RECEIVED BY THE UNIVERSITY OF PUERTO RICO FOR ACADEMIC, RESEARCH, AND COMMUNITY OUTREACH PROGRAMS

WHEREAS: The increasing quantity, nature, complexity, and diversity of the external funds received by the University of Puerto Rico presents the need to review the guidelines that regulate the application, acquisition, use, and auditing of external funds for academic, research, and community outreach programs throughout the University system.

WHEREAS: The University of Puerto Rico is committed to recognizing and promoting activities produced by faculty, students, and other personnel in order to obtain grants, contracts, collaborative agreements, and other mechanisms of external financing, for the purpose of expanding and improving academic, research, and community outreach opportunities throughout the institution.

WHEREAS: These activities contribute to effectively ensuring the University's mission of teaching, research, and community outreach through the development of academic and research programs aimed at reinforcing knowledge and comprehension in certain disciplines.

WHEREAS: Programs financed through external funds will provide the necessary conditions for the University system to increase its capacity to form leaders in all sectors of the society it serves through the academic, social, and cultural innovations that will be generated.

NOW THEREFORE: Be it resolved that, the President of the University of Puerto Rico shall implement the following rules and procedures:

1. Authorize each Chancellor to execute contracts, proposals and other documents related to applications for external funds from the Federal government and other external sponsors, without review by the Central Administration or prior endorsement from the President, notwithstanding the following exceptions:
 - a. When the proposal contemplates or obligates the University to establish an academic program, the substantial revision of an existing one, or the creation of an organizational unit that has not been previously approved according to existing institutional rules and administrative procedures;
 - b. When the proposal entails matching funds or a continuation award that obligates University funds or other sources in the future which have not been budgeted, approved, or assigned to the institutional unit from the general fund for the current fiscal year or subsequent fiscal years;
 - c. When the proposal entails the establishment of chairs or professorships funded by external funds for a distinguished member of the faculty or for other purposes;
 - d. When the proposal entails the building or remodeling of facilities, and this has not been included or approved by the existing Permanent Improvements Plan for the institutional unit;
 - e. When the award or contract involves specific activities in collaboration with other units within the system or the participation of external organizations in excess of fifty percent (50%) of the proposed activities and the transfer of funds for such purposes; and
 - f. When the proposal requires the University to develop joint efforts with organizations and/or individuals belonging to a community outside of Puerto Rico.

Administration or require the endorsement of the President must be sent to Central Administration, along with the approval and signature of the Chancellor of the corresponding institutional unit.

NOW THEREFORE: It is incumbent on the President to ensure:

1. Interinstitutional coordination and collaboration and that effective liaisons with organizations and external groups are established and maintained, as necessary, in order to maximize the awarding of funds from proposals submitted to external sponsors for the benefit of the University.
2. Central Administration is kept abreast of Federal and state legislation and rules, as well as other changes in regulation and the interest of potential donors in order to anticipate and increase external funding throughout the system.
3. The establishment and maintenance of a system of monitoring and coordination at Central Administration that generates integrated information about external funds, programs, and the human resources who participate in the implementation in order to achieve an efficient planning and decision-making process and ensure compliance with rules and regulations. This requires institutional units to maintain close coordination with Central Administration regarding the phases of administration, before and after the awarding of funds for programs that operate with external funds, in the following areas:
 - a. The establishment of a standardized information system for auditing the types, levels, and sources of external funds that units have applied for, as well as the awards the institutional units receive individually;
 - b. The use of adequate budgeting procedures and other mechanisms for the relaxation of administrative procedures regarding procurement and recruitment should be promoted. These procedures should be designed to strengthen services before and after the awarding of funds, in accordance with University laws and regulations, as well as the legal terms and conditions established by external donors.

- c. The development of uniform administrative and fiscal procedures that respond to issues, such as: proposal reviews, endorsement by the President, financial reports on the levels, types, and sources of external resources; control of ownership; negotiation of reimbursement rates for indirect costs and items included as recoverable indirect costs; parameters for the performance of audits required by external sponsors; policy on patents and copyright.
 - d. Serve as liaison with the institutional units for the implementation of a comprehensive program for technical support and professional development opportunities.
4. The execution of the necessary arrangements to present Federal departments or agencies, state and municipal agencies, and private sector sponsors and collaborators the institutional policy and applicable procedures for the management of applications, grants, and external contracts. Such policies shall be up to date and accessible to the community.
5. Each Chancellor shall designate the administrative units that have the responsibility of providing services related to the management of the pre and post adjudication process of programs funded with external resources. This will ensure that proposals, information on potential sources of funding and other related activities, as well as financial and progress reports, are addressed according to donors' expectations and requirements, and in coordination with Central Administration.
6. Each institutional unit shall establish internal review procedures to ensure that the conditions established in a proposal for external funding are consistent with the mission, goals, objectives, and budget available for the development of research and academic programs. Officials who may be designated to carry out this review should include, but are not limited to: deans, department chairs, and budget, finance and planning directors.
7. Each institutional unit shall develop strict procedures for the development, processing, and submission of proposals,

as well as the efficient management of projects once funds are awarded. These internal documents shall be consistent with institutional policy, with guidelines prepared at the central level, and with the Rules and Regulations of the University of Puerto Rico.

8. Each institutional unit shall maintain an efficient information and reporting system on grants received and expenditures incurred in programs operating with external funds. Each institutional unit shall prepare the reports required by Central Administration to ensure the integration of information concerning levels of external funding, details of direct and indirect costs, and budget changes.
9. Each unit shall be governed by the following requirements:
 - a. Indirect costs – Proposals must include the current maximum percent of indirect costs negotiated yearly, in accordance with the policies established by potential sponsors. The different institutional units shall separate all funds generated as indirect costs from projects financed by external resources for transfer to the University of Puerto Rico General Fund. Twenty-five percent (25%) of these funds shall be used to cover Central Administration costs. The remaining 75% shall be assigned to the units, in proportion to their contribution, for projects that strengthen research and for the awarding of additional external funds.
 - b. Human resources – Budgetary documents submitted with the proposals must conform to University rules and regulations on salaries and fringe benefits and the institutional unit's policy on compensations. Professional and technical staff recruitment for positions funded totally or in part by external funds shall comply with the regulations and administrative procedures that govern the personnel committees of each departmental unit.
 - c. Compliance guarantees – Institutional units, including research centers and programs under Central Administration, shall establish review boards and other mechanisms required by sponsors of projects funded

with external funds to ensure compliance with existing laws and regulations, including, but not limited to, the following areas: biosafety, security and disposal of hazardous material; care of animals in research; drug use and abuse; and procedures for handling misconduct in scientific research. Special attention will be given to the strict compliance of all applicable Federal and local regulations to ensure maximum protection of researchers during activities that involve recombinant DNA molecules, radioactive materials, and other hazardous substances.

- d. All principal investigators or program directors, sponsored with external funding, shall be responsible for the performance, administration, and management of said funds. In compliance with the restrictions and provisions of the grants, special attention shall be given to budget constraints, protection of health and safety, and terms, conditions and reporting requirements established by sponsors. If changes in the original budget or the proposed program are necessary, the person awarded the grant for external funding shall coordinate closely with the appropriate University officials in order to carry out the revisions and fill out any documents required in accordance with sponsor guidelines and institutional policy.
- e. The Chancellors and the President shall accept no grant, contract, donation, or bequest that contains restrictions establishing differences based on race, color, ethnic origin, political beliefs, sex, age, martial status, religion or credo, disability or veteran status, unless applicable restrictions may be excluded with the consent of sponsors or by legal mandate.

Council on Higher Education Certification Numbers 146 (1960-61); 43 (1975-76); 118 (1979-80); 66 A (1981-82); and 130 (1988-89) are hereby repealed.

This policy shall take effect the day of its approval.

IN WITNESS WHEREOF, I issue the present certification, in San Juan, Puerto Rico, today, September 28, 2009.



[signature Salvador Antonetti Zequeira]
Salvador Antonetti Zequeira
Secretary