

POLICY TITLE: APPLICATION OF FACILITIES & ADMINISTRATIVE COST RATES TO PROPOSAL BUDGET AND FACILITIES & ADMINISTRATIVE COST WAIVER

POLICY OWNER: DIVISION OF RESEARCH & ECONOMIC DEVELOPMENT - OFFICE OF SPONSORED PROGRAMS

FUNCTION: PROPOSAL PREPARATION

POLICY CODE NO: 5

EFFECTIVE DATE: 12/1/2008

REVIEW PERIOD: ANNUALLY

REVISION DATE: 12/26/2014; 7/1/2023

I. DEFINITIONS:

Direct Costs: Those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Typical costs charged directly to a sponsored award include compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and supplies, and other items of expense (including subawards) that are specifically identifiable to the sponsored project.

Facilities and Administrative (F&A) Costs/Indirect Costs: Those costs incurred for a common or joint purpose benefiting more than one cost objective that cannot be readily assigned to a particular sponsored project. F&A costs are also referred to as "indirect costs." Examples of F&A costs include:

- Depreciation and interest costs associated with the university's physical plant
- Operating and maintenance costs such as utility costs, security costs, and custodial costs
- Common administrative functions such as payroll and purchasing

Facilities and Administrative Cost Rate(s): The rate(s) negotiated between the university and the U.S. Department of Health and Human Services (DHHS), the university's cognizant audit agency for indirect costs. The rates are represented in an executed Facilities and Administration Negotiated Cost Rate Agreement for reimbursing facilities and administrative costs under federal grants, federal contracts, and federal flow-through grants/contracts for the period of time specified in the rate agreement. The effective period of the rates is specified in the rate agreement.

Proposal Record: The web-based form in the Cayuse Research Administration platform (<https://nova.app.cayuse.com>) that provides general information concerning the proposal and

that is electronically approved by certain university officials to indicate their review and approval of the proposal for their area of responsibility.

II. POLICY

A. Purpose

To establish a policy and procedure to ensure the correct application of facilities and administrative cost rates to sponsored project proposal budgets, including federal and nonfederal agencies.

B. Policy Statement

All sponsored projects will be assessed facilities and administrative costs at the effective negotiated facilities and administrative (F&A) cost rate(s), regardless of funding source, with certain noted exceptions.

In instances where the university will not recover F&A costs at the negotiated rate, the Principal Investigator/Project Director (PI/PD) submitting the proposal may request a waiver of F&A costs, which is completed through the proposal approval process. The waiver is approved by the College Dean or equivalent (or designee), with final authority resting with the Vice President for Research or the Health Professions Division (HPD) Chief Operating Officer. It is the university's general policy that F&A costs are not to be waived on sponsored projects. However, it is recognized that some federal, state, and local government funding programs, as well as some private foundations, professional associations and corporations have an established policy that restricts the rate of F&A cost payment. Further, there may be instances in which it would be beneficial for the university to accept a limitation to the negotiated F&A cost rate, or to waive F&A cost recovery. This policy provides administrators, faculty, and staff with procedures for the application, review and approval of F&A cost rates.

III. SCOPE

This Policy applies to all University employees.

IV. PROCEDURES

1. The PI/PD, with the assistance of the OSP, will request F&A costs in proposal budgets from all sponsors at the university's negotiated F&A cost rate.
2. Once a faculty or staff member has identified a potential funding source as possible support for their project, the sponsor's application guidelines (i.e., Funding Opportunity Announcement, Request for Proposal, etc.) should be reviewed carefully to determine whether or not F&A costs are allowable, and at what rate.
3. When the university will not be reimbursed at the negotiated F&A cost rate for reasons outlined above (i.e., rates are unallowable, restricted by the sponsor, etc.), institutional approval will be needed. The Proposal Record will indicate the F&A rate used and whether any F&A costs will be waived.

4. A separate [Waiver of Facilities and Administrative \(F&A\) Costs on Sponsored Projects form](#) must be approved by the Dean or equivalent (or their designee) for any waivers not resulting from a documented sponsor restriction. The faculty or staff member will forward the signed form to the OSP who will obtain the approval of the Vice President for Research, or the HPD Chief Operating Officer. The Waiver form will be uploaded to the Proposal Record.
5. Proposals will follow the established formal internal review process (refer to OSP Policy No. 7 – Proposal Review, Approval, Signature and Submission on Behalf of NSU).
6. The Office of Sponsored Programs (OSP) is responsible for reviewing proposals and ensuring that the appropriate F&A cost rate has been applied to the proposal budget.

V. REFERENCES

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>

NIH Grants Policy Statement, <https://grants.nih.gov/grants/policy/policy.htm#gps>

NSF Proposal and Award Policies and Procedures Guide, <https://www.nsf.gov/bfa/dias/policy/>

HHS Grants Policy Statement, <https://www.hhs.gov/grants-contracts/grants/grants-policies-regulations/index.html>

VI. COMPLIANCE CONTACT

If you would like further information on this NSU Policy, or have additional questions, please contact the Office of Sponsored Programs at osp@nova.edu.

VII. ENFORCEMENT

All employees having roles or responsibilities covered under this policy are expected to be thoroughly familiar with the policy and its procedures and obligations as they pertain to the employee's role. Failure to comply with this policy may result in disciplinary action pursuant to all applicable university policies and procedures.