

**NOVA SOUTHEASTERN UNIVERSITY  
OFFICE OF SPONSORED PROGRAMS  
POLICIES AND PROCEDURES**

**PROPOSAL PREPARATION**

**APPLICATION OF FACILITIES AND ADMINISTRATIVE COST RATES TO PROPOSAL  
BUDGET & FACILITIES AND ADMINISTRATIVE COST WAIVER**

**EFFECTIVE 12-01-08, REVISED 12-26-2014**

**POLICY #5**

**PAGE 1 OF 3**

**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.

**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 benefitting 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.

**POLICY:**

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 the following exceptions noted.

In instances where a sponsor will not reimburse the university at the negotiated F&A cost rate, the Principal Investigator/Project Director (PI/PD) submitting the proposal may request a waiver of F&A costs. The waiver is normally reviewed and approved, subject to sponsor restrictions and policies, directly by the Dean

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**POLICY #5**

**PAGE 2 OF 3**

of the College/Center. Final authority rests with the Vice President for Research and Technology Transfer or the Executive Vice President and COO or his/her designee, and for the Health Professions Division (HPD), the Chancellor. In the event the Dean of the College/Center refuses a waiver request, the PI/PD of the proposed project may appeal to the Vice President for Research and Technology Transfer. 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 on reimbursement of the F&A cost rate rather than its federally negotiated rates, or to waive F&A cost recovery. This policy provides administrators, faculty, and staff with procedures for the application, review and approval or waiver of F&A cost rates.

**REFERENCES:**

- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, <https://federalregister.gov/a/2013-30465>
- OMB Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, <https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform>
- NIH Grants Policy Statement, <http://grants.nih.gov/grants/policy/policy.htm#gps>
- NSF Proposal and Award Policies and Procedures Guide, <http://www.nsf.gov/bfa/dias/policy/>
- HHS Grants Policy Statement, <http://www.hhs.gov/grants/grants/policies-regulations/index.html>

**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 his/her project, the sponsor's application guidelines (i.e., Request for Proposal) 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.), the PI/PD should discuss with his/her Dean, and must complete a voluntary *Waiver of Facilities and Administrative (F&A) Costs on Sponsored Projects* form (available from [www.nova.edu/osp](http://www.nova.edu/osp)). The form must include justification why the negotiated rate is not being requested.

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**EFFECTIVE 12-01-08, REVISED 12-26-2014**

**POLICY #5**

**PAGE 3 OF 3**

4. This form must be completed by the PI/PD and submitted for approval/authorization to the Dean of the College/Center and in the case of HPD, the Chancellor. The faculty or staff member will forward the signed form to the OSP who will obtain the approval of the Vice President for Research and Technology Transfer, or the Executive Vice President and COO. Approvals should be obtained prior to proposal submission.
5. The signed *Waiver of Facilities & Administrative (F&A) Costs on Sponsored Projects* form shall be retained in the proposal file maintained in the OSP.
6. Once the proposal has been developed and prior to its submission to the funding source, the established formal internal review process, using the Proposal Approval Record (PAR) will be followed. The PAR, section B-Proposal Financial Data, will indicate the F&A rate used or that the rate has been waived. The signed PAR shall be retained in the proposal file maintained in the OSP. The PAR form is available at [www.nova.edu/osp](http://www.nova.edu/osp) (refer to OSP Policy No. 7 – *Proposal review, Approval, Signature and Submission on Behalf of NSU*).
7. 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.