

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

PROPOSAL PREPARATION

PROPOSAL BUDGET PREPARATION AND REVIEW

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

POLICY #4

PAGE 1 OF 4

PURPOSE:

To establish a policy and procedure for the preparation and review of budgets and budget justifications included in funding applications requesting support for the conduct of sponsored projects at the university.

DEFINITIONS:

Budget: The financial expenditure plan to perform the proposed project. The budget encompasses both the sponsor and non-sponsor shares of the proposed project costs, and includes both direct and facilities and administrative (F&A, also known as indirect, overhead) costs.

Budget Category: Groupings of allowable costs into broad classifications (i.e., personnel, fringe benefits, travel, equipment, supplies, contractual, construction, other). Generally, sponsoring agencies require a further breakdown of proposed costs within the broader categories.

Budget Justification: A discussion of the project budget categories and related line items presented in the same sequence as they appear on the budget spreadsheet or sponsor forms. It provides sufficient detail of how costs were calculated and why they are necessary. The budget justification may also be referred to as the budget narrative.

Budget Period: The interval of time (usually 12 months) into which the project is divided for budgetary and funding purposes.

Funding Period: This means the period of time when funding is available for expenditure by the grantee.

POLICY:

The Principal Investigator/Project Director (PI/PD) is the individual primarily responsible for the preparation of the proposal budget, which must be consistent with the scope of the proposed project. The budget must be an accurate *estimate* of the costs to be incurred. This estimate must be based on current and projected cost factors and considerations necessary to meet the proposed project's objectives. The proposal budget may represent a potential commitment of university or third-party resources (refer to OSP Policy No. 36 – *Cost Sharing or Matching*). The university requires the use of budgeted costs as the basis for cost control of sponsored projects. The Office of Sponsored Programs (OSP) will provide the necessary support to the PI/PD in completing the budget and budget justification or will complete the budget and budget justification in collaboration with the PI/PD, to ensure an accurate estimation of the budget in conformity with the sponsor requirements and university policies. It is the responsibility of the PI/PD to alert the OSP regarding the intent to submit a proposal (whether as the prime applicant or as a

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

PROPOSAL PREPARATION

PROPOSAL BUDGET PREPARATION AND REVIEW

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

POLICY #4

PAGE 2 OF 4

subrecipient) so that a proper budget and budget justification can be developed/reviewed prior to submission.

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>
- Standard Form (SF) 424A, Budget Information for Non-Construction Programs

PROCEDURES:

1. The PI/PD prepares the proposal in accordance with OSP Policy No. 3 – *Technical Proposal Preparation and Review*. In the process of developing the proposal, the PI/PD should simultaneously consider budget needs to conduct the project, and whether the project is economically feasible within the funding limits specified by the sponsor. The proposal's scope of work, objectives, and approach should be reasonable in consideration of sponsor budget requirements and limitations.
2. The proposal budget and budget justification is prepared in draft form by the PI/PD with assistance from his/her staff, when available, and in consultation with other faculty members, Deans, and the OSP as needed (budget templates for budget preparation are available). If the PI/PD does not have College/Center support, the OSP will assist with development of the budget and budget justification.
3. Once the types of costs expected to be incurred for the proposed project have been identified (refer to No. 5 below for description of cost categories), a draft of the entire project cost estimate should be prepared, itemized by cost category including cost sharing or third-party matching (Refer to OSP Policy No. 36 - *Cost Sharing or Matching*).
4. Cost estimates will be developed in conjunction with other appropriate university offices or departments, as applicable. For example, the Office of Human Resources can provide salary and wage cost data and the Office of Procurement Management can provide up-to-date materials or supply costs. Due to changes in fiscal policies and budget formats of potential sponsors and changes in university facilities & administrative (F&A) and fringe benefit rates, PIs/PDs should consult with the OSP when preparing the budget and budget justification. OSP can assist the P/PDI in applying

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

PROPOSAL PREPARATION

PROPOSAL BUDGET PREPARATION AND REVIEW

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

POLICY #4

PAGE 3 OF 4

current F&A/fringe benefit rates, salary escalations, salary caps, and other rates when the budget period overlaps across university fiscal years.

5. The format of the budget should be put into the format or forms specified by the sponsor (for example, the Standard Form SF 424A is the budget form used by most federal agencies). A detail budget justification, as required based on sponsor guidelines, may also be required, which explains items included within broader budget categories as described below.
6. The OSP is responsible for reviewing the budget and budget justification as a part of the proposal package prior to its submission to the sponsor (refer to OSP Policy No. 7 – *Proposal Review, Approval, Signature and Submission on Behalf of NSU*). The OSP will review the budget and budget justification for completeness and accuracy. The review will include validation of salary and wages, fringe benefit rates, and facilities & administration costs, as well as review of the calculations. The review may necessitate further consultation or clarification from the PI/PD.
7. The OSP is also responsible for reviewing the proposal to ensure the format and content of the budget and budget justification meet federal or other sponsor requirements, including identification of any costs requiring prior approval.
8. The final budget must be submitted using required sponsor forms, where applicable, and be accompanied by a line item budget and budget justification as part of the complete proposal package.
9. Budget Cost Categories:

Typical items to be considered when preparing a budget may include but are not limited to the following budget categories, subject to sponsor restrictions (also refer to OSP Policy No. 28 - *Allowable Costs and Expenditure Control*):

- Personnel costs (university employees only), including:
 - Principal Investigator/Project Director
 - Co-principal Investigator
 - Faculty participants
 - Research assistants
 - Postdoctoral associates
 - Graduate and undergraduate assistants
 - Technicians, machinists, animal caretakers, etc.
 - *Administrative and clerical staff*: Since such costs should normally be treated as F&A costs, direct charging is allowable only if the following conditions are met: (1) the administrative & clerical services are integral to a project or activity; (2) the individuals involved can be

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

PROPOSAL PREPARATION

PROPOSAL BUDGET PREPARATION AND REVIEW

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

POLICY #4

PAGE 4 OF 4

specifically identified with the project or activity; (3) the associated costs are explicitly included in the proposal budget or have prior written approval of the federal awarding agency; and (4) the costs are not also recovered as indirect costs.

- Fringe benefits (required for all salaries, rates vary depending on employment classification)
- Subawards (for collaborative projects)
- Outside consultants
- Vendor services
- Equipment (items costing \$1,000 per unit and over - refer to OSP Policy No. 32 – *Equipment Purchase with Sponsored Project Funds*)
- *Supplies/materials*: Materials and supplies used for performance of the award may be charged as direct costs. In the specific case of computing devices under \$1,000 per unit, charging as a direct cost is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of the award
- Travel, both domestic and foreign
- Alterations and renovations
- Patient care costs, both inpatient and outpatient
- Tuition, stipends, and required fees
- Other
 - Animal maintenance
 - Communications (long distance)
 - Shipping/freight
 - Publication costs
 - Rental charges for vessels, cars, equipment, space, etc.
- Facilities & Administrative (F&A) costs