



SAINT LOUIS UNIVERSITY

Facilities & Administrative (F&A) Indirect Cost Policy

Policy Number: RA-006

Version: 4.0

Classification: Research Administration

Effective Date: July 1, 2014

Responsible University Official: Vice President for Research

1.0 INTRODUCTION

Facilities & Administrative (also known as Indirect) costs are additional to the direct costs associated with a funded project. The Office of Management and Budget (OMB) requires that recipients of federal funds undergo a proposal and negotiated rate process with the University's cognizant agency, the Department of Health and Human Services (DHHS) on a periodic basis in order to assess the appropriate level of F&A costs to be associated with federal awards. The institutional rate that is negotiated with DHHS must be supported by audited financial statements and is intended to defray actual costs incurred by the recipient institution in the conduct of a project. OMB requires that the F&A costs that are negotiated will apply not only to federal awards, but also to projects funded by other sponsors (i.e., they expect consistency in the application of F&A rates). If a project is conducted with F&A rates that differ from those negotiated with DHHS, the rate must be managed in a systematic manner that reflects consistent administrative oversight of the applied rates. This policy describes the systems to be applied to F&A rate negotiation and implementation.

2.0 PURPOSE

This policy has been established to meet the compliance standards set forth in Office of Management and Budget (OMB) Circular A-81. These require that all costs incurred for the same purpose, (e.g., research, instruction) and in like circumstances, are treated only as either direct costs or F&A/indirect costs. Principal investigators and administrators involved in sponsored projects must understand and comply with this policy in order to ensure that costs are properly charged and meet federal costing standards. See "Definitions Relating To Sponsored Projects At Saint Louis University" for definitions of "Like" and "Unlike" Circumstances.

This policy and its associated procedures streamline the process for many routine transactions.

3.0 DEFINITIONS

See [“Definitions Relating to Sponsored Projects at Saint Louis University”](#)

4.0 RESPONSIBILITIES

Principal Investigators

Ensure the appropriateness of all charges on sponsored projects. Ensure the consistent application of direct costing practices to their federally sponsored projects with the assistance of the unit administrator, the Office of Research Development and Services (ORDS), and/or the Office of Sponsored Programs Administration (OSPA). Prepare proposal budgets, justify expenses, charge costs, and track expenses. Determine whether it is appropriate to request an F&A exception. If so, prepare the exception request and forward for review. Adjust the proposal budget as needed to accommodate the approved rate exception, or to charge full applicable F&A costs if an approval is not granted by the sponsor’s deadline.

Unit Administrator

Assist principal investigators in preparing proposal budgets, justifying expenses, charging costs and tracking expenses. Ensure consistency of charging practices within the unit, review sponsored project proposals for justification of direct costs requested, especially when costs normally charged as F&A/indirect are proposed as direct costs (e.g., computers for general use). Assign the appropriate function code for nonsponsored accounts. In conjunction with principal investigators, maintain financial records for reviews by internal or external auditors.

Department Chair/Division Head

Establish effective processes and controls that will ensure compliance with this policy. Communicate these practices to all responsible employees within the college and departments.

College Associate Dean for Research

Establish effective processes and controls that will ensure compliance with this policy. Communicate these practices to all responsible employees within the college and departments.

Director, Office of Research Development and Services

When appropriate, evaluate F&A exception requests and make recommendations to Vice President for Research. Implement tracking and reporting function for regular and strategic exceptions as outlined in procedure.

Vice President for Research

Review, assess, and approve or deny F&A exception requests.

Office of Research Development and Services (ORDS) and Office of Sponsored Programs Administration (OSPA)

Assist in interpretation of federal regulations, such as OMB Circular A-81. Develop and maintain policies and procedures in accordance with the regulations. Establish sponsored project accounts in the University's accounting system and assign the appropriate function codes. Maintain files of sponsors' published F&A policy documents. Maintain F&A rate charts. Contact principal investigators to communicate whether or not an F&A exception has been approved.

5.0 POLICY

Principal Investigators are responsible for including the appropriate full Facilities and Administrative (F&A or indirect) costs in proposals for sponsored projects funded by external entities unless an exception has been approved in advance. Typically, these are the rates negotiated with the Department of Health and Human Services (DHHS), based upon analysis of facilities and administrative costs incurred in the conduct of research. In no case should investigators and/or the associated department staff agree to a rate that differs from the negotiated institutional rate.

Sponsored Programs Administration (SPA) sets F&A rates with the federal government based on formulas and negotiation processes set form in OMB A-81. Principal Investigators (a) must use the federally approved rates for all sponsored projects, unless they meet the criteria for an exception to policy that has been granted in advance of proposal submission; and (b) may not offer or promise a reduced rate to a Sponsor in advance of receipt of an approved exception. Principal Investigators can petition the dean for their respective schools for such F&A exceptions for an individual project. While the dean's approval is required, the Vice President for Research has final authority for decisions on such exceptions. See *Procedure for Requesting Facilities and Administrative/Indirect Cost Exceptions* for guidance. Exceptions will be granted on a case-by-case basis.

6.0 REFERENCES

ACKNOWLEDGMENT

Saint Louis University gratefully acknowledges that the policies of the University of Minnesota (UMN) have been used as models for this policy, and portions of UMN's policies have been adapted for this policy with the permission of UMN.

APPENDICES/RESOURCES/FORMS

- [*Definitions Relating To Sponsored Projects at Saint Louis University.*](#)

- *Direct Costs Policy: Allowable and Unallowable Costs, Policy Number RA-014*
- *Procedures for Determination of Facilities and Administrative/Indirect Cost Rates*
- *Procedure for Requesting Facilities and Administrative/Indirect Cost Exceptions*
- *Form for Requesting Facilities and Administrative Cost Exceptions*
- *Procedure for Determining Allowable Facilities and Administrative (F&A) Rates on Outbound Subawards and Contracts (Where SLU is the Prime Awardee and Subcontracts to an External Entity)*

RELATED INFORMATION

- Administrative Policy: *Cost Sharing, Matching, and In-Kind Contributions on Sponsored Projects*
- Federal Office of Management and Budget *Circular A-81*

APPROVAL SIGNATURE

This policy was approved by:

Raymond C. Tait, Ph.D.

June 26, 2014

Vice President for Research
Saint Louis University

Date

REVISION HISTORY

EFFECTIVE DATE	VERSION NUMBER	MODIFICATION
08/04/08	1.0	New Document
08/09/2010	2.0	Revision
09/07/2012	3.0	Revision
07/01/2014	4.0	Revision