

# Grant Budgeting 101

OSR Annual Symposium  
July 29, 2015



# Presenters

- Kathryn Calderone, University Program Specialist, Finance & Business Operations, School of Medicine
  - Pre-award Grants Manager for Departments of Genetics and Biochemistry & Biophysics
- Anne Skilton, Contracts & Grants Specialist, Pre-Award Services, Office of Sponsored Research



# Objectives

- Review elements of a budget
- Address special concerns when budgeting
- Discuss University policies and procedures that affect budgeting



# Budget Preparation

- Consult the proposal announcement/guidelines
- Utilize a budget template
- Review project with PI/Project Team to determine budget needs
- Apply F&A correctly
- Calculate cost sharing
- Write a comprehensive budget justification



# The Budget should:

- Accurately reflect the project's objectives
- Provide answers – not lead to questions
- Contain reasonable estimates – look up travel, supplies, equipment, etc.
- Comply with appropriate guidance (UG, OMB, sponsor solicitation, state, institution, etc.)
- Contain costs that are
  - Reasonable
  - Allowable
  - Allocable

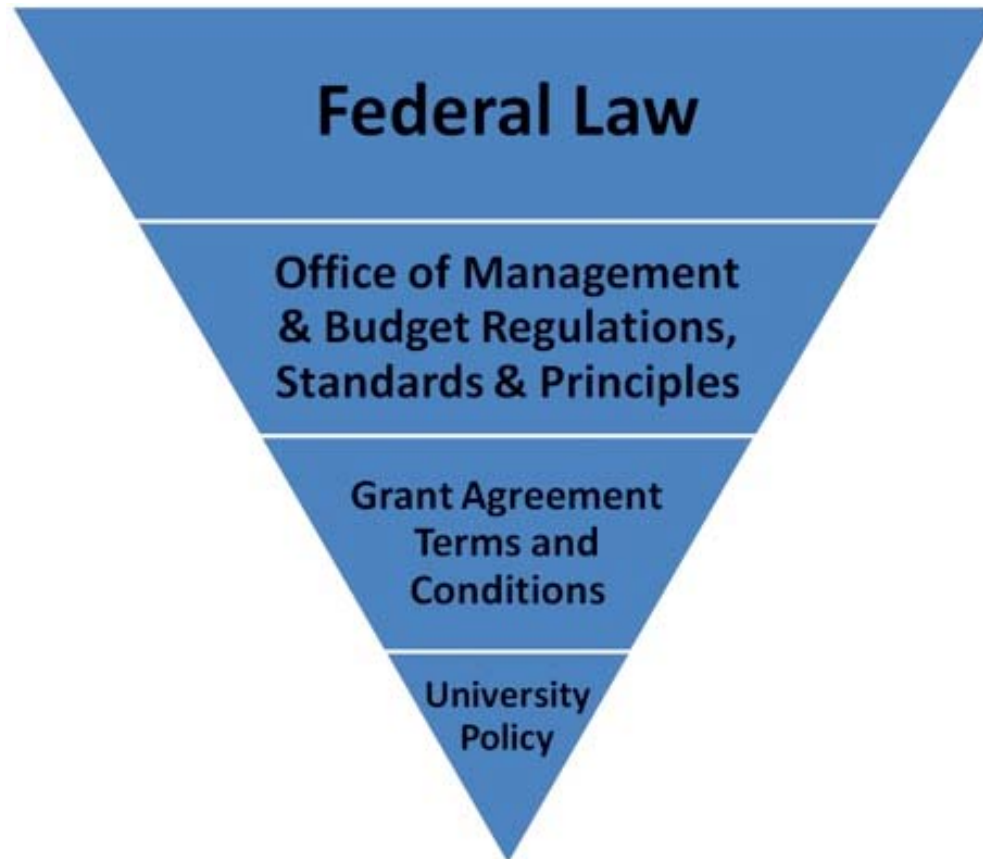


# RAA

- **Reasonable** to a prudent person
  - Is it necessary for performance of the award?
  - Does it advance the scope of work?
  - Would it withstand external review by a rational individual?
- **Allowable** according to applicable regulations
  - Terms & conditions of the award
  - Uniform Guidance
  - UNC policy
- **Allocable**
  - Incurred specifically for the award
  - Benefits the award and can be traced back to a specific action
  - Can be assigned to the award in reasonable proportion to the benefits received



# Order of Precedence



# Budget Template

|                                  |                          |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
|----------------------------------|--------------------------|-----------|---------------------|-----------------|------------|------------------|----------------------|---------------|------------|---------------|---------------|--------------|----------------------|------------|---------------|---------------|--------------|----------------------|------------|
| <b>PI:</b>                       | P.I. Ramses              |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>Due:</b>                      | 6/5/2015                 |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>Sponsor:</b>                  | NIH                      |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>PA/RFA:</b>                   | PA-13-302                |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>Title:</b>                    | Super Cool Science Stuff |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>Budget Period:</b>            | 9/1/2016-8/31/2021       |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>Escalation:</b>               | 3% in Year 1             |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>IACUC (Animal subjects):</b>  | YES                      |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
| <b>IRB (Human subjects):</b>     | NO                       |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
|                                  |                          |           |                     | <b>Year 1</b>   |            |                  |                      |               |            | <b>Year 2</b> |               |              |                      |            |               |               |              |                      |            |
|                                  |                          |           |                     | <b>Current</b>  |            |                  |                      |               |            | <b>Year 1</b> |               |              | <b>Year 2</b>        |            |               |               |              |                      |            |
| <b>PERSONNEL</b>                 |                          |           |                     | <b>Salary</b>   | <b>FTE</b> | <b>Personnel</b> | <b>Project Title</b> | <b>Salary</b> | <b>FTE</b> | <b>Salary</b> | <b>Fringe</b> | <b>Total</b> | <b>Salary</b>        | <b>FTE</b> | <b>Salary</b> | <b>Fringe</b> | <b>Total</b> | <b>Salary</b>        | <b>FTE</b> |
|                                  | 2                        | \$197,000 | P.I. Ramses         | Lead PI         | \$183,300  | 20%              |                      | \$36,660      | \$9,373    | \$46,033      |               |              | \$183,300            | 20%        | \$36,660      | \$9,373       | \$46,033     | \$183,300            | 20%        |
|                                  | 2                        | \$78,250  | Judith Genetics     | Co-Investigator | \$80,598   | 25%              |                      | \$20,150      | \$5,905    | \$26,055      |               |              | \$80,598             | 25%        | \$20,150      | \$5,905       | \$26,055     | \$80,598             | 25%        |
|                                  | 3                        | \$65,000  | Maria Mathematician | Postdoc         | \$66,950   | 100%             |                      | \$66,950      | \$9,689    | \$76,639      |               |              | \$66,950             | 100%       | \$66,950      | \$9,689       | \$76,639     | \$66,950             | 100%       |
|                                  | 4                        | \$31,000  | TBN                 | Grad Student    | \$31,930   | 100%             |                      | \$31,930      | \$5,946    | \$37,876      |               |              | \$31,930             | 100%       | \$31,930      | \$5,946       | \$37,876     | \$31,930             | 100%       |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      | \$155,690     | \$30,913   | \$186,603     |               |              | \$155,690            | \$30,913   | \$186,603     |               |              |                      |            |
| <b>EQUIPMENT</b>                 |                          |           |                     |                 |            |                  | Big Science Machine  |               |            | \$35,000      |               |              |                      |            |               |               |              |                      |            |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      |               |            | \$35,000      |               |              |                      |            |               |               |              |                      |            |
| <b>SUPPLIES</b>                  |                          |           |                     |                 |            |                  | General lab supplies |               |            | \$6,000       |               |              | General lab supplies |            |               |               | \$6,000      | General lab supplies |            |
|                                  |                          |           |                     |                 |            |                  | Protein purification |               |            | \$20,000      |               |              | Protein purification |            |               |               | \$20,000     | Protein purification |            |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      |               |            | \$26,000      |               |              |                      |            |               |               | \$26,000     |                      |            |
| <b>TRAVEL</b>                    |                          |           |                     |                 |            |                  | Domestic             |               |            | \$2,000       |               |              | Domestic             |            |               |               | \$2,000      | Domestic             |            |
|                                  |                          |           |                     |                 |            |                  | International        |               |            | \$1,000       |               |              | International        |            |               |               | \$1,000      | International        |            |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      |               |            | \$3,000       |               |              |                      |            |               |               | \$3,000      |                      |            |
| <b>PARTICIPANT SUPPORT COSTS</b> |                          |           |                     |                 |            |                  | Per diems            |               |            | \$1,200       |               |              | Per diems            |            |               |               | \$1,200      | Per diems            |            |
|                                  |                          |           |                     |                 |            |                  | Participant travel   |               |            | \$3,500       |               |              | Participant travel   |            |               |               | \$3,500      | Participant travel   |            |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      |               |            | \$4,700       |               |              |                      |            |               |               | \$4,700      |                      |            |
| <b>OTHER</b>                     |                          |           |                     |                 |            |                  | Publication costs    |               |            | \$2,000       |               |              | Publication costs    |            |               |               | \$2,000      | Publication costs    |            |
|                                  |                          |           |                     |                 |            |                  | IT support           |               |            | \$1,150       |               |              | IT support           |            |               |               | \$1,150      | IT support           |            |
|                                  |                          |           |                     |                 |            |                  | Animal per diems     |               |            | \$30,000      |               |              | Animal per diems     |            |               |               | \$30,000     | Animal per diems     |            |
|                                  |                          |           |                     |                 |            |                  | Tuition              |               |            | \$7,000       |               |              | Tuition              |            |               |               | \$7,000      | Tuition              |            |
|                                  |                          |           |                     |                 |            |                  | Consultant           |               |            | \$10,000      |               |              | Consultant           |            |               |               | \$10,000     | Consultant           |            |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      |               |            | \$50,150      |               |              |                      |            |               |               | \$50,150     |                      |            |
| <b>UNC DIRECT COSTS</b>          |                          |           |                     |                 |            |                  |                      |               |            | \$305,453     |               |              |                      |            |               |               | \$270,453    |                      |            |
| <b>UNC INDIRECT COSTS</b>        |                          |           |                     |                 |            |                  |                      |               |            | \$305,453     |               |              |                      |            |               |               | \$270,453    |                      |            |
|                                  |                          |           |                     |                 |            |                  |                      |               |            | \$308,753     |               |              |                      |            |               |               | \$258,753    |                      |            |
|                                  |                          |           |                     |                 |            |                  |                      |               |            | 52%           |               |              |                      |            |               |               | 52%          |                      |            |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      |               |            | \$160,552     |               |              |                      |            |               |               | \$134,551    |                      |            |
| <b>SUBAWARDS</b>                 |                          |           |                     |                 |            |                  |                      |               |            |               |               |              |                      |            |               |               |              |                      |            |
|                                  |                          |           |                     |                 |            |                  | Duke University      |               |            | Direct        | Indirect      | Total        |                      |            | Direct        | Indirect      | Total        |                      |            |
|                                  |                          |           |                     |                 |            |                  |                      |               |            | \$30,116      | \$16,413      | \$46,529     |                      |            | \$30,116      | \$16,413      | \$46,529     |                      |            |
|                                  |                          |           |                     |                 |            |                  | NC State             |               |            | \$40,737      | \$21,387      | \$62,124     |                      |            | \$40,737      | \$21,387      | \$62,124     |                      |            |
| <b>Total</b>                     |                          |           |                     |                 |            |                  |                      |               |            | \$70,853      | \$37,800      | \$108,653    |                      |            | \$70,853      | \$37,800      | \$108,653    |                      |            |
| <b>TOTAL DIRECT COSTS</b>        |                          |           |                     |                 |            |                  |                      |               |            | \$376,306     |               |              |                      |            |               |               | \$341,306    |                      |            |
| <b>TOTAL COSTS</b>               |                          |           |                     |                 |            |                  |                      |               |            | \$574,658     |               |              |                      |            |               |               | \$513,657    |                      |            |



# Direct vs. Indirect Costs

## **DIRECT COSTS**

- Salaries
- Fringe Benefits
- Tuition Remission
- Equipment
- Consultants, Subs, & Vendors
- Materials & Supplies
- Travel

## **INDIRECT COSTS/F&A**

- Facilities
- Operations & Maintenance
- Library
- Administration



# Allowable vs. Unallowable as Direct Costs

## **ALLOWABLE**

- Animal care costs
- Patient travel, food, parking
- Participant incentives
- Publication costs
- Equipment maintenance
- Service contracts

## (usually) **UNALLOWABLE**

- Cost overruns
- Furniture
- Lobbying activities
- Entertainment costs
- Alcohol
- Federal employees on Federal grant
- General office supplies



# Modular vs. Detailed Budgets

## MODULAR

- NIH budget type; used for research grants
- Up to \$250,000 direct costs annually; requested in increments of \$25,000
- Inflation allowed as long as total doesn't exceed \$250,000/year
- Extra module is allowed
- Budget justification includes:
  - Personnel justification
  - Consortium/subaward costs
  - Variance in modules (extra module)

## DETAILED

- Common budget method used by most sponsors
- Required by NIH for annual direct costs > \$250,000
- Detailed line item categories
- Budget narrative justification for each item in each year
- Out year inflation allowed at proposal time; OSR recommends 3-5%



# Modular Budgets

- Required for R01s, R03s, R21s\*, & R15s under \$250,000 annual direct costs
- Budget justification includes:
  - **Personnel:** A narrative for all personnel by position, role, & calendar months effort. Includes consultants & TBD positions. No individual salary information should be provided. Salary cap applies.
  - **Consortium:** Must address consortium/contractual costs (including applicable F&A costs) rounded to the nearest \$1,000. List individuals and organizations with whom consortium or contractual arrangements have been (or will be) made, the calendar months effort of key personnel and their role on the project, and indicate whether the collaborating organization is foreign or domestic.
  - **Variance in modules:** NIH requires additional narrative budget justification if there is a variation in the number of modules requested from year to year. For example, a major equipment purchase in the first year may justify a higher overall budget in that year, but not necessarily in succeeding years.



# Direct Costs - Personnel

- Include:
  - All University personnel
  - Titles
  - Institutional base salary (9 month vs. 12 month employee)
- Time should be expressed as:
  - Percent of effort/Person Months (Calendar or, Academic and/or Summer) – not in hours



# Direct Costs - Personnel

- OSR 200.3 Principal Investigator (PI) Eligibility
  - On externally sponsored research projects, only fulltime, permanent EPA employees may serve as principal investigators (PIs), in accordance with the University's eligibility policy. Any exceptions require the approval of the department chair and the dean. Each principal investigator and each member of the research team is responsible for ensuring department heads, deans and directors that his/her University commitments will be sustained during the duration of the research project.
- Level of effort is commensurate with personnel responsibilities and scope of work

<http://research.unc.edu/offices/sponsored-research/policies-procedures/section-200/policy-3/>



# Direct Costs - Determining Salaries

- Current PI salaries can be found in Infoporte
- Graduate Research Assistants
  - Be sure to include applicable fringe benefits, and tuition remission for full-time GRAs
  - Individual PhD programs determine stipend for the upcoming year
- Undergraduate students – hourly
- New hires must be listed as TBD if no HR paperwork exists at time of proposal

OSR Student/Fellowship/Postdoc Information

[http://research.unc.edu/offices/sponsored-research/resources/data\\_res\\_osr\\_studentinfo/](http://research.unc.edu/offices/sponsored-research/resources/data_res_osr_studentinfo/)



# Knowledge Check

*When preparing the Personnel section of a budget, do NOT include:*

- 1) Position titles
- 2) Amount of effort
- 3) Consultant fees
- 4) Fringe benefits





# Direct Costs - Fringe Benefits

- FY2015 Annual Fringe Benefit Memorandum, revised 1/5/2015  
[http://research.unc.edu/offices/sponsored-research/resources/data\\_res\\_osr\\_infosheet/#fringe2](http://research.unc.edu/offices/sponsored-research/resources/data_res_osr_infosheet/#fringe2)
- Fringe benefits are calculated as a percentage of annual salary plus health insurance, prorated to the percent of effort
- Rates are dependent on employee classification
  - Full-time Permanent EPA/SPA employees – 22.634%
  - Post Doctoral Trainees and Graduate Students – 8.968%
  - Clinical Faculty receiving Physicians & Associates (P&A) Supplemental Fringe – 27.724%
- Depending on the position, fringe benefits may include:
  - Social Security
  - Workers Compensation
  - Severance
  - Retirement
  - Disability
  - Unemployment



# Direct Costs - Equipment

- Capital Equipment:
  - Must be identified and justified
  - Not already available within University
  - \$5,000 or over
    - Costs should include accessories, installation, and delivery
  - Lifetime of one year or more
  - Excluded from F&A calculation



# Direct Costs - Materials & Supplies

- Chemicals
- Glassware
- Software
- Animals and Animal per diems
- Recording equipment
- Workshop supplies
- Kits
- Computers



# Direct Costs - Computers

- Must be spread across projects that will be using it OR must be explicitly justified
  - “The budget requests \$2,000 per year for computers and peripherals. The nature of the research on high performance computing requires the purchase of these computer systems to conduct testing and evaluation of this technology. Although the University has several computing resources and desktops for personnel, these are not suitable for the needs of this project. The shared computing resources have jobs running from several users at any one time, making accurate timing evaluation almost impossible since the machines are varyingly and unpredictably loaded at different times. Moreover, the desktops on people’s desks are also used for a variety of general-purpose computing tasks (such as code development), making them unsuitable for accurate timing measurements. Finally, the computers will need greater resources (number of cores, memory and hard disk) than is typical in existing desktop computers on people’s desks.”

500.17 Purchase of Computers as a Direct Cost

<http://research.unc.edu/offices/sponsored-research/policies-procedures/section-500/policy-17/>



# Direct Costs - Travel

- Fly America Act
  - Applicable to all travel funded by U.S. federal government funds
  - Requires flying on U.S. Flag Carriers with few exceptions
- Travel must be directly related to research project
- Includes:
  - Air/ground transportation
  - Meals
  - Lodging
  - Conference registration
- International travel commonly considered anywhere outside U.S. (including CAN/MX) may require additional justification/sponsor approval
- Justification should include who will travel and for what purpose

<http://financepolicy.unc.edu/section/travel/>



# Direct Costs - Publications

- Manuscript illustration
- Reprints
- Page charges
  - *PLoS Genetics* \$2,200/paper
  - *PNAS* \$1,700/paper
  - *Nature Communications* \$5,700/paper
  - *Molecular Psychiatry* \$196/page
- Binding charges



# Direct Costs - Copying, Toner, etc.

- Allowable ONLY for unusual circumstances, beyond everyday printing/duplications
  - Must be justified as necessary to complete the deliverables of the project, such as:
    - Tests/questionnaires
    - Workshop materials
    - Mailings



# Direct Costs - Subaward

- Provides substantial programmatic contributions
- Has performance measured against whether objectives of program are met
- Has responsibility for making programmatic decisions
- Must adhere to applicable program compliance regulations
- Proposal requirements:
  - Institutional endorsement (letter of intent) – signed by institutional AO
  - Subaward-specific Statement of Work
  - Budget
  - Budget justification
  - Must have DUNS # and be registered in SAM.gov





# Sample Sub Letter of Intent

## Sample Outgoing Subcontractor Commitment Letter

Instructions: Please provide this letter as a template/guideline to other entities participating as subcontracts under UNC-CH's prime award. Have the subcontractor/organization fill in the blank areas and those areas marked in **BOLD ITALICS**.

*Organization Letterhead*  
*Organization Name*  
*Organization Address*

*Date*

The University of North Carolina at Chapel Hill (UNC-CH)  
*Department Address*

Reference: *Response to solicitation/RFP/RFA number \_\_\_\_\_, entitled \_\_\_\_\_, dated \_\_\_\_\_*

Dear \_\_\_\_\_,

This letter confirms that the appropriate program and administrative personnel at *Organization* have reviewed the above referenced Solicitation/RFP/RFA and are committed to enter into a subcontract with The University of North Carolina at Chapel Hill (UNC-CH) for the performance period of \_\_\_\_\_ to \_\_\_\_\_. The work to be performed by *Organization* \_\_\_\_\_ does \_\_\_\_\_ does not include \_\_\_\_\_ animal and/or \_\_\_\_\_ human research subjects. The UNC-CH Principal Investigator on this proposal is \_\_\_\_\_ *Organization* \_\_\_\_\_ does \_\_\_\_\_ does not maintain an active and enforced conflict of interest policy meeting the requirements of 42 CFR Part 50, Subpart F and 45 CFR Part 94.

The *Organization's* budget, budget justification and scope of work are provided as separate enclosures to this letter. The estimated cost of the proposed subcontract will not exceed \$ \_\_\_\_\_ and includes appropriate direct and indirect costs.

Furthermore, by submission of this commitment letter *Organization* and its Principal Investigator (PI) certify (1) that the information submitted within the application is true, complete and accurate to the best of the *Organization's* and PI's knowledge; (2) that any false, fictitious, or fraudulent statements or claims may subject the *Organization* and PI to criminal, civil, or administrative penalties; and (3) that the PI agrees to accept responsibility for the scientific conduct of the project and to provide the required progress reports if an award is made as a result of UNC-CH's application.

If you have any questions, please contact the undersigned at \_\_\_\_\_.

Sincerely,

Signature of Authorized Organization Official

Signature of Principal Investigator

Enclosed:  
Budget, Budget Justification, Scope of Work

Sponsored Research Forms

<http://research.unc.edu/forms/sponsored-research/>



# Knowledge Check

*A UNC-CH department can be a subawardee on another UNC-CH department's award.*

- 1) True
- 2) False



# Direct Costs - Vendor

- Provides goods/services within its normal business operations
- Provides similar goods/services to many different purchasers
- Operates in a competitive environment
- Not subject to compliance requirements



# Direct Costs - Other

- Rental of space
- Maintenance of specialized equipment
- Postage
- Compensation for subject participation
- Tuition
- Core Facility Services



# Review

- Direct vs. Indirect
  - Allowable vs. Unallowable
- Modular vs. Detailed
- Direct Costs
  - Personnel
    - Salaries & Fringe Benefits
  - Equipment
  - Materials & Supplies
  - Travel
  - Publications
  - Sub vs. Vendor



# Preview

- Indirect Costs
- Cost Sharing
- Budget Justifications
- UNC Research Policies



# Indirect Costs

- Facilities and Administrative Costs (F&A) are real University costs that are associated with the performance of a sponsored project. They are incurred for common or joint objectives which cannot always be specifically identified with a particular sponsored project. F&A costs are recovered by application of a rate that is applied to a direct cost base.

OSR 300.9 Facilities and Administrative (F&A) Costs

<http://research.unc.edu/offices/sponsored-research/policies-procedures/section-300/policy-9/>



# Indirect Costs

- Generally expressed as a percentage of Modified Total Direct Costs (MTDC)
- Rate negotiated with DHHS
- Excludes:
  - Portion of subawards over \$25,000
  - Tuition remission
  - Participant Support Costs, Scholarship & fellowship stipends
  - Equipment over \$5,000





# Indirect Costs

- Current F&A memo:  
[http://research.unc.edu/offices/sponsored-research/resources/data\\_res\\_osr\\_infosheet/#facilities](http://research.unc.edu/offices/sponsored-research/resources/data_res_osr_infosheet/#facilities)
- All budgets must request full F&A unless:
  - The agency has a written policy for rates different than UNC's negotiated rate
  - A waiver is requested for unique situations:
    - F&A Rate Reduction Waiver w/necessary signatures
- Projects using rates other than those on F&A agreement should be calculated using Total Direct Costs, not MTDC



# Knowledge Check

*F&A costs are applied to the first \$35,000 of each subaward.*

- 1) True
- 2) False



# Indirect Costs - Determining Activity Type

- Organized Research – All research and development activities that are sponsored by Federal and non-Federal agencies and organizations: 52%
  - External funding to maintain facilities or equipment
  - Data collection, evaluation, analysis, and/or reporting
- Instruction & Training – Teaching and training activities funded by grants and contracts: 50%
  - Curriculum development projects
  - Any project for which the purpose is to instruct any UNC student at any location
  - General support for the writing of textbooks, reference books, video, or software to be used as instructional materials
- Other Sponsored Activities – Programs and projects which involve the performance of work other than Instruction and Organized research: 36%
  - Travel grants
  - Support for conferences, seminars, or workshops
  - Support for University public events
- Off Campus Rate Determination
  - Off campus adjacent: 28%
  - Off campus non-adjacent: 26%



# Indirect Costs - Where do they go?

- 3.9% Dean or Vice Chancellor
- 5.2% Home Department(s) of Principal Investigator(s) and any Qualifying Co-Investigators
- 5.2% Unit where award is administered
- 5.2% Unit(s) where work is actually performed  
= 19.5%

The remaining F&A goes to a variety of places within the University, which include the following:

- FACILITIES
  - Equipment and building depreciation
  - Interest on bonds issued for building
  - Operations & maintenance
  - Utilities
  - Library
- ADMINISTRATION
  - Central sponsored projects administration (Office of Sponsored Research)
  - Departmental sponsored projects administration
  - General and administrative – finance, payroll, human resources, etc.



# Cost Sharing

- Cost sharing is the portion of project cost not borne by the sponsor
- Occurs when the University commits funds beyond those awarded by the sponsoring agency to support a particular project
- Can be borne by UNC or a third party contributor



# Cost Sharing

- Only include cost share when required by sponsor

- Types:

- Mandatory - Included in the conditions of the award

*Ex: "Facilities and Overhead: No Facilities and Overhead funds are requested from the W. M. Keck Foundation. The department will provide funds for maintenance of the facilities used for this research."*

*Ex: USDHS Fire Prevention & Safety Grant Program FOA: "In general, an eligible applicant seeking an FP&S Grant shall agree to make available non-federal funds in an amount equal to and not less than five percent of the grant awarded."*

- Voluntary Committed (Unallowable for NSF projects)

*Ex: "PI commits 5% effort with no salary support requested"*

- In-Kind – A value of the contribution can be readily determined, verified, and justified, but no actual cash is transacted in securing the good or service comprising the contribution

OSR 500.7 Cost Sharing

<http://research.unc.edu/offices/sponsored-research/policies-procedures/section-500/policy-7/>



# Cost Sharing

- Documentation of cost sharing must accompany proposal
- Must satisfy UG 200.306 criteria
  - Must be specifically detailed in sponsor RFP
  - Verifiable
  - Necessary and reasonable for completion of project
  - Allowable under UG
  - Incurred during effective dates of the award



# Knowledge Check

*Cost sharing will make my proposal more competitive.*

- 1) True
- 2) False





# Budget Checklist

- Does it add up?
- Are fringe benefits included?
- Is the F&A rate correct?
- Are subcontractor costs reasonable?
- Does the budget justification match the budget?



# Budget Justification



<https://www.youtube.com/watch?v=phwLgXT6NiE>



# Budget Justification

- How were costs determined?
- Identification of cost elements
- Price quotes for large dollar items
- Escalation factor for future years
- Relate budget items to project goals
- Be mindful of page limits

Answer questions, don't create more!



# Budget Items Most Likely to be Audited

- Computers
- Equipment purchased in final year of grant
- Personnel effort
- Committed cost share

For Federal FY 2013, UNC-CH ranked 8<sup>th</sup> in HHS award dollars received among U.S. institutes of higher education.

Excellence attracts attention!



# DHHS OIG Report June 2014

- The University did not always claim selected costs charged directly to HHS awards in accordance with Federal requirements. Of the 163 transactions totaling \$8,496,835 that we reviewed, 8 transactions totaling \$335,874 were either not allowable or partially allowable
  - \$298,275 in costs that were not adequately documented
  - \$34,557 in costs that were not reasonable
  - \$3,042 in costs that were not treated consistently
- The University claimed \$16,969 in unallowable F&A costs under HHS awards because PIs and OSR staff did not comply with University policies and procedures

## OIG RECOMMENDATIONS

- We recommend that the University:
  - refund to the Federal Government the **\$352,843** in unallowable costs and
  - enhance oversight of charges to Federal awards to ensure consistent compliance with Federal requirements



Department of Health and Human Services  
**OFFICE OF  
INSPECTOR GENERAL**

**THE UNIVERSITY OF NORTH CAROLINA  
AT CHAPEL HILL DID NOT ALWAYS  
CLAIM SELECTED COSTS CHARGED  
DIRECTLY TO DEPARTMENT OF  
HEALTH AND HUMAN SERVICES  
AWARDS IN ACCORDANCE WITH  
FEDERAL REQUIREMENTS**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[PublicAffairs@oig.hhs.gov](mailto:PublicAffairs@oig.hhs.gov)*



Lori S. Pilcher  
Regional Inspector General  
for Audit Services

June 2014  
A-04-13-01024



# UNC Research Policies

- 200.4 Principal Investigator Overall Responsibilities:  
<http://research.unc.edu/offices/sponsored-research/policies-procedures/section-200/policy-4/>
- 200.5 Departmental Administrator Overall Responsibilities:  
<http://research.unc.edu/offices/sponsored-research/policies-procedures/section-200/policy-5/>
- 300.3 Deadlines for Proposal Submissions to University Offices:  
<http://research.unc.edu/offices/sponsored-research/policies-procedures/section-300/policy-3/>  
<http://research.unc.edu/files/2014/05/SOP-Internal-Deadlines-FINAL-5-7-2014.pdf>
- Graduate Student Tuition Support:  
<http://gradschool.unc.edu/policies/faculty-staff/tuitionsupport/>
- OSR Information Sheet:  
[http://research.unc.edu/offices/sponsored-research/resources/data\\_res\\_osr\\_infosheet/](http://research.unc.edu/offices/sponsored-research/resources/data_res_osr_infosheet/)



# Questions?

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