

# **SAINT LOUIS UNIVERSITY**

## **Overview and Table of Contents for Policies and Procedures Regarding Direct & Indirect Costs Associated with Sponsored Programs**

**Classification: Research**  
**Responsible University Office:**

**Effective Date: July 1, 2014**  
**Vice President for Research**



# **SAINT LOUIS UNIVERSITY**

## **Definitions Relating To Sponsored Projects At Saint Louis University**



### **1.12 Contributed Facilities & Administrative Cost (Unrecovered F&A/Indirects)**

F&A costs that are otherwise available to be recovered by the University, but the University has agreed to accept less than the full F&A rate.

### **1.13 Cost Accounting Standard CAS 9905.505 (CAS 505)**

The Cost Accounting Standard requires unallowable costs be segregated and separated as to not be included in charges to sponsored activity.

### **1.14 Cost Sharing or Matching**

Cost sharing/matching can refer to circumstances that apply to both direct and indirect costs of an externally funded project. When the direct costs of a project exceed the cost covered by the project sponsor and the University covers the difference in costs, that difference represents a University cost share. When/if full indirect cost charges are not provided for an award, any difference between the indirect costs received and the amount to

### 1.18 Facilities and Administration Costs (F&A Costs)

F&A costs, also called Indirect Costs, are those incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. These costs are based on audits of University facilities and operations conducted by an outside consultant. Audit findings form the basis of subsequent negotiations with the federal government. The federal government ultimately approves the appropriate F&A cost rate.

Examples include operation and maintenance expenses, and costs incurred for sponsored projects administration (See Circular A-81. F&A costs are synonymous with indirect costs.)

### 1.19 Indirect Costs

See "Facilities and Administration Costs."

### 1.20 Indirect Cost Recovery (IDCR)

Reimbursement received by the University when F&A rates are applied to direct costs charged to sponsored projects. This recovery is returned to investigators and academic units consistent with the University Facilities and Administrative Costs/Indirect Costs Recovery Policy.

Examples are operation and maintenance of buildings and grounds, central administrative expenses, research administration and library costs.

### 1.21 Indirect Cost Rate or F&A Cost Rate

A composite rate applied as a percentage of the project's direct costs to recover the University's F&A/indirect costs. In business and industry, this is known as <sup>3</sup>RYHUKHDG 7KH IHGHUDDO\ QHJRWLDWHG ) \$ LQGLUHFWSponsored activities are developed by the University in accordance with OMB Circular A-81 and negotiated on behalf of all federal agencies with the Department of Health and Human Services (DHHS). The rate is variable according to the type of project and where it is being conducted. See *Determination of Facilities and Administrative/Indirect costs: Definitions and Rates.*

### 1.22 Instruction

The teaching and training activities of an institution. Except for research training, which is defined as research, this term includes all teaching and training activities that are offered for credits toward a degree or certificate on a credit basis and whether they are offered through regular academic departments or separate divisions, such as summer school division or extension division. Also considered a major function are departmental research and, where agreed, university research.

Sponsored instruction and training means specific instructional or training activity established by grant, contract, or cooperative agreement. For purposes of the co-principals, this activity may be considered a major function even though an LQVWLWXWLRQ¶V WUHDWPHQW PD\ LQFOXGH LW LQ W Departmental research means research, development and scholarly activities that are not organized research and consequently, are not separately budgeted and accounted for. Departmental research, for purposes of this document, is not

considered as a major function, but as a part of the instruction function of the institution.

### **1.23 Like/Unlike Circumstances**

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### 1.29 Principal Investigator/Project Director

The terms Principal Investigator (PI) and Project Director (PD) may be used interchangeably. The PI/PD is the person who assumes primary responsibility and accountability for the design, conduct, administration and reporting of the research project. Eligibility criteria for a Principal Investigator/Project Director at Saint Louis University include holding full-time faculty or staff status, having expertise and experience in the project topic, and devoting substantial effort to the project.

Ineligible individuals include:

- a. Part-time, adjunct, or visiting faculty. An exception may be if an adjunct has left the University and wishes to continue working on a project that began at the University. Approval of the appropriate dean and chair must be obtained.
- b. 8 QGHUJUDGXDWH RU JUDGXDWH VWXGHQWV PD\ QRW IXQGLQJ DJHQF\ VR GLUHFVWV DQG WKHQ RQO\ ZLWK V responsible for oversight of the project. The mentor shall be listed as the PI/PD of record in eRS.
- c. Emeritus faculty may contribute to a research project with the written approval of the appropriate dean and chair, but may not serve as PI or PD except in rare instances and only with the written approval of the appropriate dean and chair.

#### 1.29.1 Co-Principal Investigator/C-Project Director

An individual who qualifies as Principal Investigator/Project Director may also serve as Co-Principal Investigator/Project Director. Persons from institutions outside SLU may not be designated as C-PI or C-PD. Requests for C-PI or C-PD should be handled through subcontracts to their home institutions.

### 1.30 Reasonable Costs

"A cost may be considered reasonable if the nature of the goods or services acquired applied, and the amount involved therefore, reflect the action that a prudent person would







# SAINT LOUIS UNIVERSITY

## Direct Costs Policy: Allowable and Unallowable Costs

**Policy Number: RA-014**

**Classification: Research**

**Responsible University Office:**

Vice President for Research and Office of Sponsored Programs Administration

**Version Number: 2.0**

**Effective Date: July 1, 2014**

### 1.0 INTRODUCTION

Saint Louis University conducts a significant level of research and training that is sponsored by the federal government. The government generally supplies the recipient of a grant or contract with the funds necessary to cover the expenditures directly associated with a project. In addition, sponsors will reimburse the institution for the indirect expenditures necessary to create and maintain the environment in which the research is conducted.

There are other expenditures, however, that the federal government deems inappropriate and will not reimburse; the government refers to these categories as unallowable. These categories are identified by the government's Office of Management and Budget in Circular A-81. It is the university's responsibility to maintain an accounting system that clearly

## 5.0 POLICY

- award indicating the specific award as the proper place to charge.
2. Other documentation contemporaneously dated to Saint Louis University personnel requesting service be started and charged to the specific fund.

5.6 Unallowable Costs (*Direct or Indirect costs*)

Unallowable costs must be identified and excluded from any billing, claim, or proposal submitted to the federal government. Unallowable costs must be charged using the appropriate expense account to meet the federal CAS 505 accounting standard.

The following examples of unallowable costs cannot be charged to federal sponsored agreements either as a direct cost or as part of the F&A rate.

- Alcoholic beverages
  - Donations and contributions
  - Fines and penalties
  - Goods and services for personal use, such as automobiles
  - Memberships in any civic or community organization
  - Bad debt expense
  - Entertainment
  - First class travel
  - Housing and personal living expenses for officers of the institution
  - Sponsor agreement specific unallowable costs, i.e. salary above a cap
- In addition to the specific costs listed above, the costs associated with certain activities are unallowable on sponsored agreements and must be set aside.
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5.7 Charging F & A costs as Direct.

When a sponsored agreement has been considered an **unlike circumstance**, administrative clerical salaries and other administrative costs may be an allowable direct cost. Unlike circumstance requires an extensive amount of administrative or clerical support, which is **significantly greater** than the routine level of such service provided by an academic department. Office supplies is another cost that may

intended only to make this language requirement explicit for purposes of accountability and oversight. It has always been true that costs under Federal awards must be reasonable, allocable and allowable. By definition, this has always excluded any additional increment for profit beyond c

## 6.0 Sanctions

Unallowable costs charged to sponsored projects will be removed from the award and FKDUJHG WR D QRQ VSRQVRUHG IXQG LQ WKH 3,1V KRPH

## APPROVAL SIGNATURES

This policy has been approved by:

Raymond C. Tait, Ph.D.

June 26, 2014

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Vice President for Research  
Saint Louis University

Date:

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**VERSION NUMBER**

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### 3.0 DEFINITIONS

See [3'HILQLWLRQV 5HODWLQJ WR 6SRQVRUH G 3URMHFWV DV](#)

### 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 Administrator (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 approved rate exception is not requested.

#### 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

Review, assess, and approve or deny F&A 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 projects 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 investigator 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) upon analysis of facilities and administrative costs incurred in the conduct of research. In no case should investigators and/or 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 forth in OMB Circular A-81. 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 sponsor rate 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. The final authority for decisions on such exceptions is the University. 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 adopted 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 A-81](#)

#### APPROVAL SIGNATURE

This policy was approved by:

Raymond C. Tait, Ph.D.

June 26, 2014

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Vice President for Research  
Saint Louis University

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Date

#### REVISION HISTORY

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# SAINT LOUIS UNIVERSITY

## Procedure for Determination of Facilities and Administrative/Indirect Cost Rates

**Procedure Number: PRA-01**

**Version Number: 1.0**

**Classification: Research**

**Effective Date: July 1, 2014**

**Responsible University Office: Vice President for Research**

### PROCEDURE

#### **Determination of F&A rate**

Facilities and administration (F&A/indirect) rates are based on audits of actual University expenses and then are negotiated with the Department of Health and Human Services

## **Federally-Negotiated F&A Rates**

### Industry-Funded Clinical Trials

<b>RATE APPLIES TO:</b>	<b>ON-CAMPUS</b>	<b>OFF-CAMPUS</b>	<b>EFFECTIVE PERIOD</b>
Industry-Funded Clinical Trials	350% TDC	35.0% TDC	07/01/2014 6/30/2015

### APPROVAL SIGNATURES

This procedure has been approved by:

Raymond C. Tait, Ph.D.

June 26, 2014

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Vice President for Research  
Saint Louis University

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Date:

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July 1, 2014	</MC 328.25	

# SAINT LOUIS UNIVERSITY

## Procedure for Requesting Facilities and Administrative/Indirect Cost Exceptions

**Procedure Number: PRA-02**

**Version Number: 1.0**

**Classification: Research**

**Effective Date: July 1, 2014**

**Responsible University Office: Vice President for Research**

### PROCEDURE

SaintLouis University undergoes routine audits of facilities and administrative (F&A) costs that are associated with the conduct of sponsored projects. Those audits provide basis for the F&A rate that the University negotiates with the Department of Health Human Services, resulting in a set of F&A rates associated with various categories of sponsored activities. Because those rates are based on demonstrated costs, the University expects to collect the F&A rate on sponsored awards. There are some instances, however, where the University may request exceptions to the full F&A rates.

## **Requesting Facilities and Administrative (Indirect) Cost Reductions**

### **A. Obtaining an F&A Cost Exception:**

A facilities and administrative (F&A) cost exception is an institutional agreement that the University will charge F&A costs at a lower rate than the approved rate that is published by the Office of Sponsored Programs Administration (OSPA). Unless a project falls into a limited number of pre established exceptions (see Section B below), Principal Investigators must request approval for such an exception on a case-by-case basis. Exceptions are not guaranteed and should not be included in project budgets without formal approval as listed below. Facilities and Administrative (Indirect) Cost exceptions are approved, the approved rate must be based on Total Direct Costs (TDC), not Modified Total Direct Costs (MTDC).

### **B. Determining if an Individual Project Exception Should be Requested:**

The Facilities & Administrative (indirect) Cost Rates table reflects the federally approved rates for three different types of projects (research, instruction, other sponsored activity). The table shows rates that vary, depending on whether the project will be conducted on-campus. Most projects will adhere to these published rates. These projects are con

Principal Investigator must include the full applicable F&A rate in the proposal.

exceeds the rate being recovered by the University. The only exception  
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investigator was granted an exception valued at \$1,500; \$3,500 would be available to transfer to the department account.

### APPROVAL SIGNATURES

This procedure has been approved by:

Raymond C. Tait, Ph.D.

June 26, 2014

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Vice President for Research  
Saint Louis University

Date:

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July 1, 2014	1.0	New Document

**Request for Exception to Facilities and Administrative (Indirect Costs) Rate Form**

Please refer to "Facilities and Administrative/Indirect Cost Policy {RA-006},"  
 "Procedures for Requesting Facilities and Administrative (Indirect) Costs Exceptions" and  
 "Cost Sharing Policy" prior to completing this form.

Principal Investigator:	
Department:	
School/College:	
Proposal Title:	
Sponsor Name:	
If Subcontractor, Prime Sponsor Name:	
Proposal Deadline/Due Date:	
Anticipated Project Start/End Dates:	

**Exception Calculation:**

Total Direct Costs:	
Exclusions from F&A:	
Total Base:	
F&A @ full IDC Rate (See PR01 for appropriate rate)	
F&A @ reduced rate: ( _____ %)	

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Where deemed appropriate, the University may reimburse "For-Profit" subawardees without a negotiated rate for Facilities and Administration costs a default rate of 10% Modified Total Direct Costs (MTDC). The request must be submitted to the Director of ORDS and approved by the Vice President for Research. The entity may not charge the award for items included in F & A (office supplies, accounting fees, copies, administrative salaries, etc...) and recover F&A on those items.

### **For-Profit Hospitals**

For-