

**SEATTLE CHILDREN'S RESEARCH INSTITUTE
OPERATING POLICIES / PROCEDURES**

DEPARTMENT: Research Institute Administration
POLICY NUMBER: RIA-410
REPLACES: New Policy
EFFECTIVE DATE: May 1, 2009
REVISION DATE: New Policy
POSTED FROM: March 18th, 2009 – April 17th, 2009

TITLE: Required Accounting for Unrecovered Facilities and Administrative Costs on Sponsored Research Proposals

SUMMARY:

The Research Institute is issuing this *Final Policy* on "Required Accounting for Unrecovered Facilities and Administrative Expenses on Sponsored Research Proposals".

POLICY/PROCEDURE:

- 410-1 Except as otherwise provided for herein, the gap between the F&A cost recovery paid by a research sponsor and the F&A Cost recovery calculated in accordance with the F&A Rate Agreement current at the time the competitive proposal is submitted, if such a gap exists, must be covered by an appropriate funding source.
- 410-2 On an annual basis, the Research Institute shall provide each Research Center with an Indirect Waiver Allowance (IWA) to support F&A deficits. The total IWA available in any fiscal year will be calculated based on the target effective indirect recovery rate. Each Center's share of the annual IWA allocation will be based on its proportional contribution to clinical and/or bench research activities. IWA will be encumbered by the Office of Research Finance, the encumbrance to be released upon ORF receipt of notice that the project will not be funded.
- 410-3 The source of F&A deficit funding must be identified by the Research Center at the time a proposal is submitted to the Office of Sponsored Research (OSR). Once a Center has fully encumbered its annual IWA, discretionary funds identified by a Lawson activity number will be required. Upon approval/submission of the application, OSR will notify the Office of Research

Finance (ORF) of the waived F&A and the funds will be encumbered in the designated IWA or discretionary account. In the event the project is not funded, the encumbrance will be released by ORF upon receipt of notice from OSR that the proposal was denied.

410-4 Recognizing that the Research Institute has an obligation to support the training and development of the next generation of investigators and researchers, the following programs are exempted from this policy:

410-4.1 NIH career development awards (K awards);

410-4.2 NIH training grants (T awards);

410-4.3 NIH fellowships (F awards);

410-4.4 NIH Research Education Grants (R25);

410-4.4 Other fellowships. "Fellowship" in this case, refers to an award primarily providing stipend-support to a fellow, typically in association with a small "institutional allowance" to offset health care, travel or other research costs.

410-4.5 Training grants for medical or graduate students;

410-5 Proposals exempted under Section 410-4 require the signature approval of both the President and Chief Academic Officer documented on the Request for Approval of Sponsored Research Application (Competitive) Form (OSR-010-F01).

410-6 Additional exceptions may be granted by the President and Chief Academic Officer. Such exceptions shall be limited to those outlined below, and shall require prior approval by the Center Director's Advisory Committee (CDAC):

410-6.1 Any instrumentation grant;

410-6.2 Prestigious national research awards;

410-6.3 Awards made under programs previously granted a waiver by the Research Institute;

410-6.4 LSDF awards;

410-6.5 Gates Foundation awards;

410-6.6 Awards of salary that require no resources beyond management of the salary account;

410-6.7 Field projects;

410-6.8 Federal grants relinquished to Seattle Children's by another organization.

410-6.9 Internal Awards (awards made from funds already under Children's management, including discretionary funds, gift funds, and extramural awards to Children's made with the purpose of providing internal awards) follow the F&A provisions of the originating source.

- 410-7 Proposals to be exempted under Section 410-6 must be approved by the Center Director and submitted to CDAC. Upon approval by CDAC, the signature approval of the President and Chief Academic Officer documented on the Request for Approval of Sponsored Research Application (Competitive) Form (OSR-010-F01) is required. Be aware that CDAC meets monthly, so investigators desiring exemptions under Section 410-6 should plan to give their Center Director a minimum of six weeks notice.
- 410-8 IWA accounts will be subject to the following operational guidelines:
- 410-8.1 IWA accounts are awarded on an annual basis and unobligated funds cannot be carried forward from fiscal year to fiscal year. IWA accounts will be zeroed out at the end of each fiscal year, just prior to the issuance of the new years IWA.
 - 410-8.2 IWA accounts cannot be used for any purpose other than the coverage of F&A recovery gaps associated with the extramural research proposals submitted by a Research center.
 - 410-8.3 At the discretion of the Center Directors, unrecovered F&A associated with a given proposal may be distributed between one or more IWA accounts. In such event, the Center Directors for all Centers providing IWA funds must sign the OSR-10 form for the proposal indicating their approval of the arrangement.
 - 410-8.4 Should they have reason and desire to do so, Center Directors may elect to transfer funds between their respective IWA accounts.
- 410-9 This policy will apply to proposals submitted on or after the effective date of the policy.

PROCEDURE:

- 410-10 As soon as a Principal Investigator (PI) becomes aware that a potential sponsor will not pay the full federally negotiated F&A rate the PI should stop all negotiations and/or proposal preparation and contact his/her Center Business Manager (CBM), providing details about the project and any known budget information.
- 410-11 The CBM will review the proposed project budget and calculate the gap between the F&A recovery due pursuant to the federally negotiated rates and that to be paid in accordance with the sponsor's rules.
- 410-12 If the proposed project qualifies for an exception under Section 410-4, the CBM will forward the proposal along with the Request for Approval of Sponsored Research Application (Competitive) Form (OSR-010-F01) to the President.

The President will consult with the Chief Academic Officer, and they shall jointly rule on the exception.

- 410-13 If the proposed project qualifies for an exception under Section 410-6, the CBM shall forward the proposal to the Center Director. If the Center Director concurs, s/he shall present the proposal for approval by CDAC. With CDAC approval, the CBM will forward the proposal along with the Request for Approval of Sponsored Research Application (Competitive) Form (OSR-010-F01) to the President. The President will consult with the Chief Academic Officer, and they shall jointly rule on the exception.
- 410-14 To request IWA funds (if available), the PI must provide a letter of support from the appropriate Academic Division Chief. This letter must address: (a) the importance of the proposed grant to the PI's academic development, (b) the PI's plan for leveraging this funding source to secure future grant funds, and (c) financial support to be provided by the Academic Division. The CBM will forward these materials along with a request for IWA encumbrance approval to the Center Director
- 410-15 If IWA funds are not available, the CBM will, in conjunction with the PI, if indicated, attempt to identify possible funding sources available to bridge the gap in funding. If the CBM is unable to do so, s/he will forward the matter to the Center Director for review.
- 410-16 If the Center Director, CBM and PI cannot identify a source of funding to which the unrecovered F&A costs can be charged, the proposal cannot be submitted.
- 410-17 If a source of funding to pay the unrecovered F&A is identified, the following steps are followed:
- 410-17.1 The Request for Approval of Sponsored Research Application (Competitive) Form (OSR-010-F01) is completed. In particular, Section 2 will document a) the amount of unrecovered F&A, b) the reason why full F&A recovery isn't possible, and c) the Lawson activity number or IWA that will provide coverage for the gap.
 - 410-17.2 The individual responsible for the activity that will pay the unrecovered F&A will sign the OSR-010-F01 form to indicate his/her approval of the use of the funds. The Center Director must approve use of IWA.
 - 410-17.3 The Request for Approval of Sponsored Research Application (Competitive) Form (OSR-010-F01), along with the grant application, will be completed and processed in accordance with the requirements of OSR-010.

410-17.4 Upon submission of the application, OSR will notify ORF, and ORF will create a commitment of the funds in Lawson (encumber the funds). If there are more than one budget period, only the first budget period obligation will be committed. Upon award, future date commitments will be established in Lawson, which will become effective upon the start date of each consecutive future budget period. In the event that future date commitments become unavailable because of fund depletion and/or budget over-commitment, the continuation or termination of the supported award shall be determined at the discretion of the President and Chief Academic Officer.

410-18 If the project is awarded, the encumbrance will remain on the guaranteeing activity. On a monthly basis, ORF will convert the encumbrances to expenditures as funds are spent from the award activity. Once the project is completed and the award activity closed out, ORF will release any remaining encumbrances on the guarantee activity.

410-19 If the project is not awarded, ORF will release the encumbrance on the guaranteeing activity as soon as they are provided with notice that the proposal was denied.

Submitting Office: Research Institute Administration

Approved by:

\\s\ James B. Hendricks, PhD 4/22/09
President, Seattle Children's Research Institute

\\s\ Erik M. Lausund, Vice President Research Operations, 4/22/09