Direct Charging of Typical F&A Costs

Changes are being implemented to the process for the direct charging of typical F&A costs to federally sponsored awards. The process will now include a central review and approval by the Office of Grant and Contract Administration (GCA) to ensure consistency among departments in proposing and charging F&A type costs, as well as justification and documentation. Instructor led training is available through TMS; register for the Direct Charging of F&A Type Costs on Sponsored Awards course.

The following describes how the process will work during proposal submission and for after-the-fact requests for approval.

**Proposal Submissions:** During the review of the proposal, the GCA Proposal Manager will identify if any typical F&A costs are included in the proposal budget and, if so, ensure supporting budget justification is included with the submission packet. In cases where the proposal does not require a detail budget justification but does include typical F&A costs in the budget, the GCA Proposal Manager will request a detail budget justification from the Department Business Office (DBO) for those costs.

The Proposal Manager will review the budget justification for typical F&A costs and will determine, based on criteria set forth in Exhibit C of 2 CFR Part 220, whether the justification is adequate. If the Proposal Manager determines the justification is adequate, he/she will complete the “Justification to Propose/Direct Charge F&A Type Costs to a Federal Proposal/Award” form signifying their approval. If costs are not properly justified, the Proposal Manager will contact the DBO to discuss either updating the documentation/justification or removing the cost from the proposal due to lack of an adequate justification.

GCA will coordinate their review and approval of the justification for direct charging F&A costs with the Office of Grant and Contract Financial Administration (GCFA) to assist with the end-to-end review and management of approvals.

**After-the-Fact Approvals:** Effective immediately, DBO’s are now to seek GCA approval of F&A costs directly charged to a federal award that were not previously included in the award budget proposal and/or budget justification, by completing and submitting the form 1403 FR.02 Direct Charge Justification Form located on the University Policy and Procedure (PPDEV) web-site to GCA for review. GCA will email the DBO with confirmation of their approval/denial of the request once finalized. All approvals are jointly reviewed by both GCA and GCFA.

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Direct Charging of Typical F&A Costs (cont.)

Central GCA review and approval is for all F&A type costs, except shipping and freight expenses, which are being addressed separately by business offices through a different process, and should be sought contemporaneous with when the federal award is being charged. For questions or additional information, please contact your GCA/GCFA representative.

Office of Grant and Contract Financial Administration Update – Relinquishing NIH Awards and Award Funding Reductions in the Oracle Financial System

This G&C Alert is to inform the research community of an upcoming change the Office of Grant and Contract Financial Administration (GCFA) is implementing when submitting an “Official Statement Relinquishing Interests and Rights in a Public Health Service Research Grant” (PHS Form 3734), also commonly referred to as a Relinquishing Statement, for NIH awards.

Effective immediately, when a Relinquishing Statement is submitted to the NIH, the Award funding amount in Oracle Grants Management (OGM) will be reduced by the Unexpended Balance amount as stated on the form.

Background: A Relinquishing Statement is used to request a Change of Institution for all NIH awards. When a Principal Investigator (PI) leaves Yale and wishes to transfer his/her NIH awards to another institution, a Relinquishing Statement is completed and submitted to the sponsoring agency.

Note: When completing the “Unexpended Balance – Estimated” section of the Relinquishing Statement, please ensure that all costs, including any unliquidated obligations and anticipated commitments, are included in the calculation. Please do not be conservative in estimating expenses; this has resulted in excessive funds being relinquished and remaining expenses having to be written-off by the department.

Reason for the Change: Though the Unexpended Balance provided on the form is to be an estimate, NIH agencies have been issuing revised Notice of Award (NOA) documents that reduce Yale’s funding amount based on the amounts included on the Relinquishing Statement. Consequently, to ensure charges are properly managed in accordance with the amount of funds relinquished, GCFA will be reducing OGM funding at the time the Relinquishing Statement is submitted to the NIH.

In the unfortunate situation where too much funding was relinquished and expenses exceed the adjusted funding amount on the award, the department and principle investigator must submit a revised Relinquishing Statement to the NIH in order to recover funding. However, keep in mind that once the NIH has transferred funds to the new institution based on the original Relinquishing Statement, our attempts to recover any portion of funds previously relinquished have often proved unsuccessful.

For further assistance, please contact your assigned GCFA representative.

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Employee Relocation Costs Charged to Federal Awards

Relocation cost is an allowable cost on federal awards when a new employee is recruited for work on a project; provided that the move is for the grantee’s benefit rather than the individual's and that payment is made according to established organizational policies and consistently applied regardless of the source of funds.

As noted in section J.42.d. of 2 CFR 220 (OMB A-21), if relocation costs have been incurred in connection with the recruitment of a new employee, and the employee resigns for reasons within his or her control within 12 months after hire, or does not work on the project for the 12 month period, the grantee must credit the grant account for the full cost of the relocation charged to the grant.

Those responsible for reviewing and approving expenses related to sponsored awards should be familiar with the regulations, as well as the sponsor or agency guidelines specific to the award being charged.

Questions related to the charging relocation costs to federal awards can be directed to your GCFA representative.