



## FACILITIES AND ADMINISTRATION (F&A) RECEIPTS, ALLOCATION AND EXPENDITURES

<b>Authority:</b>	Vice Chancellor of Business Affairs
<b>History:</b>	Effective February 9, 2009
<b>Source of Authority:</b>	UNC Policy Manual 500.5: University Research Facilities and Administration Receipts Reporting Policy
<b>Responsible Office:</b>	Budget Office, Comptroller's Office, Office of Sponsored Programs

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### I. Purpose

To provide guidance to schools, departments, and other campus units regarding the policies and procedures for the use and expenditure of facilities and administrative (F&A) receipts.

### II. Scope

Applies to all university departments and activities.

### III. Policy

#### A. General Statement

1. The University of North Carolina receives reimbursement of Facilities and Administration (F&A) costs related to grants and contracts and are expected to allocate these funds within the appropriate state and federal guidelines.
2. F&A costs (sometimes called indirect or overhead receipts) are calculated for such items as facilities maintenance and renewal, libraries, salaries of technical, compliance and administrative personnel, equipment, scholarly development, and facilities support.
3. F&A rates are set by negotiation between the federal government and each university. Certain sponsoring agencies limit the allowable F&A rates. In such cases, the Office of Research and Sponsored Programs must approve the limited F& A rates.
4. Under federal OMB Circular A-21 indirect costs generally reimburse for costs of the grants and contracts operations of the institution and other overhead expenses of the university in a manner consistent with the formulae under which the funds were recovered.

## B. Definitions

1. F&A Costs: F&A costs are real expenses incurred by the university in support of sponsored projects, but which by federal regulation cannot be charged directly to a specific grant, contract, or other sponsored agreement. F&A costs stem from the institutional need to maintain a shared infrastructure that supports the research and scholarly activities of all investigators. F&A costs are divided into the following:
  - a. Facilities costs (e.g. building depreciation, operation and maintenance, utilities) and
  - b. Administrative costs (e.g. sponsored projects administration, purchasing, accounting, and legal services).
2. F&A Allocation: Allocation of anticipated receipts for new fiscal year.
3. F&A Rollover: Allocation of unspent receipts from previous year to department overhead funds.

## C. Allocation Development

1. Prior to the start of a new fiscal year, Budget Office and Office of Sponsored Programs determine the estimated F&A receipts, from which the fiscal year allocations (budgets) are established.
2. Estimated F&A receipts are allocated using the following distribution formula:
  - a. C&G Billing Office personnel
  - b. Academic Affairs – 70% of remainder, as follows:
    - 1) 55% Provost and Vice Chancellor for Academic Affairs
    - 2) 15% to appropriate College, School or Center Administrative unit
  - c. Business Affairs -- 30% of remainder, allocated to the Vice Chancellor for Business Affairs
3. Unspent receipts (“rollover”) from previous year(s) are moved into respective department funds, unless directed otherwise by the respective Vice Chancellor.
4. Any over-realized F&A receipts from the previous year are allocated on a 70/30 split between Academic and Business Affairs. Likewise, any F&A receipt shortages from previous year would be applied on the same basis.

## D. Management of Allocations and Expenditures

## 1. General Management Purposes and Guidelines

- a. One of the most important uses of F&A funds is to leverage support for research and scholarly activities. F&A may also be used to support students, staff, or the campus infrastructure in support of research and scholarly activities.
- b. Expenditures of F&A should follow the same guidelines as those for restricted trust funds. The purchase of food and other entertainment expenditures are prohibited. F&A may be transferred for use in renovations or new construction and scholarships.
- c. Each year the Vice Chancellor for Business Affairs reviews the proposed annual allocations for any necessary changes either in the F&A rates as outlined by the federal government approving agency or allocation changes imposed by the State of North Carolina.

## 2. Academic Affairs

- a. Annually, Academic Affairs Resource Management will review activities and uses of division-wide F&A funds and report to the Provost and the Dean of the Graduate School and Research.
- b. Academic Affairs F&A allocations will be closely aligned with University and divisional goals.
- c. Academic Affairs Resource Management will provide reports to the University Budget Office as requested.

## 3. Business Affairs

- a. The Division of Business Affairs is divided between facility operations and maintenance of research facilities; environmental health and safety management of research bi-products and facilities; business processes including payroll, accounting, and purchasing; and contract & grant annual audits by the Office of the State Auditors.
- b. The Business Affairs divisional allocation of F&A cost recovery will be distributed based on need and impact of sponsored projects to the operational environment.

## 4. University-Wide

University-wide cash balances are maintained by the Budget Office. The Provost and Vice Chancellor for Business Affairs will review uses for unexpected emergencies or unanticipated requirements that meet the strategic goals of the university.

## 5. Care in the Use of Funds

Care must be taken in the appropriate uses of F&A funds to ensure UNCW maximizes its F&A rate, during rate development, and does not jeopardize F&A funding during biennial budget development.

### E. F&A Reporting

During the course of a given fiscal year, there are many reports submitted that reflect F&A receipts, expenditures and cash balances. These reports are sent to the following external agencies:

1. Office of State Budget and Management
2. Office of State Controller
3. UNC-General Administration / Board of Governors
4. Fiscal Research Division (financial advisor to the General Assembly)