1. PURPOSE

1.1 The North Carolina School of Science and Mathematics receives reimbursement of Facilities and Administration (F&A) costs, also known as “indirect costs,” related to grants and contracts and allocates these funds within the appropriate state and federal guidelines. F&A costs are calculated for items such as facilities, maintenance, salaries of technical and administrative personnel, and facilities support.

1.2 The UNC Board of Governors is required to report to the Joint Legislative Education Oversight Committee by March 1 each year the amount of overhead receipts for the University System and the use of those receipts. This regulation implements the UNC Board of Governors Policy 500.5.

1.3 The Office of State Budget and Management requires the University to cover its costs of operations by claiming F&A costs on proposed budgets for sponsored awards.

2. GENERAL REGULATIONS

2.1 The Chancellor will report by December 1 the F&A funds received, expanded by purpose, and any uncommitted balance.

2.2 The Chancellor will prepare and submit proposed changes to this administrative procedure for the use and reporting of F&A funds to the President that is consistent with the Board of Governors guidelines. This policy includes the NCSSM administrative procedure to implement the Board of Governors policy.

3. PROCEDURES

3.1 The Vice Chancellor for Finance and Operations is responsible for the implementation of the UNC policy, and the UNC-General Administration Policy and Procedure 4.5 on Facilities and Administrative Costs.
3.2 Unless a waiver has been obtained by the UNC Vice President for Research, F&A costs must be included in proposal budgets on sponsored projects. The Director of Finance and Budget will review the proposed budgets of grants and identify the F&A costs.

3.3 The Chancellor will determine, consistent with applicable internal controls and Board of Governors guidelines, how the F&A costs receipts will be used at NCSSM to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.

3.4 The Business Office will prepare the Indirect Cost Rate Agreement as of June 30, 2006, and submit it to the United State Department of Education by December 31, 2006. The current agreement was approved on August 27, 2002.