

NIH GUIDE

for GRANTS and CONTRACTS

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Vol. 5, No. 1, January 30, 1976

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PRIVACY ACT OF 1974

The Privacy Act of 1974 requires that a Federal agency advise each individual whom it asks to supply information of the authority which authorizes the solicitation, whether disclosure is voluntary or mandatory, the principal purpose for which the information is intended to be used, the uses outside the agency which may be made of the information, and the effects on the individual, if any, of not providing all or any part of the requested information. The article in this issue pertains to information requested in applications for NIH support in connection with the conduct of research and research training programs. Provision of the information requested is voluntary.

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The National Institute on Aging has established at the Institute for Medical Research, Camden, New Jersey, a repository for cultures of characterized mutant and normal cells for research on aging.

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The GUIDE is published at irregular intervals to provide policy and administrative information to individuals and organizations who need to be kept informed of requirements and changes in grants and contracts activities administered by the National Institutes of Health.

Supplements, printed on yellow paper, are published by the respective awarding units concerning new projects, solicitations of sources, and requests for proposals.

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NOTICE

PRIVACY ACT OF 1974

The following notice is being inserted into all new research and research training application kits and is applicable to all applications received at NIH henceforth:

The Privacy Act of 1974 (Public Law 93-579) requires that a Federal agency advise each individual, whom it asks to supply information, the authority which authorizes the solicitation, whether disclosure is voluntary or mandatory, the principal purpose or purposes for which the information is intended to be used, the uses outside the agency which may be made of the information, and the effects on the individual, if any, of not providing all or any part of the requested information.

The Public Health Service is requesting the information called for in this application pursuant to the authority provided by Section 301 and Title IV of the Public Health Service Act, as amended, which allows for the conduct of research and research training programs.

Provision of the information requested is entirely voluntary. The collection of this information is for the purpose of conducting an accurate, fair, and adequate review prior to a decision as to whether to award a grant and is also used for the management of the PHS extramural programs.

Failure to provide any or all of the requested information may result in a less than adequate review.

The information provided by you may be routinely disclosed for the following purposes:

- to the Smithsonian Science Information Exchange for dissemination of science information
- to the cognizant audit agency and the General Accounting Office for auditing
- to the Department of Justice as required for litigation
- *- to professional and scientific organizations
- *- to the individual's educational or research institution for dissemination of information
- to respond to Congressional inquiries
- *- to individuals and organizations deemed qualified by the Secretary to carry out specific research solely for the purpose of carrying out such research
- *- to organizations deemed qualified by the Secretary to carry out quality assessment, medical audits, or utilization review

- to qualified experts, not within the definition of Department employees as prescribed in Department Regulations (45 CFR, Part 5b.2), for opinions as a part of the review process.
- The Department contemplates that it will contract with a private firm for the purpose of collating, analyzing, aggregating or otherwise refining records in this system. Relevant records will be disclosed to such a contractor. The contractor shall be required to maintain Privacy Act safeguards with respect to such records.

In addition, the Privacy Act of 1974 (5 U.S.C. 552a, Section 7) requires that the following information be provided when individuals are requested to disclose their Social Security number.

Provision of the Social Security number is voluntary. Social Security numbers are requested for the purpose of accurate and efficient identification, referral, review, and management of NIH extramural programs. Authority for requesting this information is provided by Section 301 and Title IV of the Public Health Service Act, as amended.

* Not applicable to information provided to the Alcohol, Drug Abuse, and Mental Health Administration.

TRAVEL BETWEEN U.S. AND CANADA
CHAPTER PHS: 1-510

POLICY

The PHS has asked the NIH to notify its grantees of an error in Grants Administration Manual Chapter PHS: 1-510, "Prior Approval of Use of Grant Funds, Including Rebudgeting", which was recently issued. The definition of foreign travel inadvertently lists travel between the U.S. and Canada as foreign travel. Travel between the U.S. and Canada is not considered to be foreign travel for grantees, and the PHS is now preparing a correction to Chapter PHS: 1-510. In the meantime, grantees are not required to obtain prior approval from the awarding component for travel between the U.S. and Canada.

AWARDING OF INDIRECT COSTS
FOR NIH RESEARCH GRANTS

PROCEDURE NOTICE

1. The following appendix entitled "Awarding of Indirect Costs for NIH Research Grants" is effective immediately, and applies to all NIH research grant awards to organizations with approved indirect cost rates. It makes minor revisions and supersedes the issuance *NIH GUIDE FOR GRANTS AND CONTRACTS*, No. 8, June 29, 1971.
2. The Indirect Cost Management Section, Federal Assistance Accounting Branch, Division of Financial Management, NIH, is responsible for the calculation of indirect costs for all NIH research grants, the issuance of the Summary Notice of Indirect Cost Awarded/Adjusted, and the settlement of indirect costs awarded.
3. Grantee organizations are given the option of (a) recording the amount of indirect cost awarded based on the direct cost shown on the Notice of Grant Award when received or (b) recording the indirect cost awarded from the monthly Summary Notice of Indirect Cost Awarded/Adjusted. Under either option the amount of indirect cost awarded should be verified for completeness and correctness to assure agreement with the records of NIH.

AWARDING OF INDIRECT COSTS FOR NIH RESEARCH GRANTS

A. Purpose This issuance sets forth the policy and procedures which apply to the calculating of indirect costs for research grants made by the National Institutes of Health, DHEW, and describes the Indirect Cost Management System (ICMS). The purpose of these instructions is to provide recipient organizations with a clear and comprehensive understanding of the ICMS and to foster proper reporting requirements between the agency and the grantee.

B. Definition The concept of calculating indirect costs centrally can be interpreted as meaning the removal from the individual NIH awarding component responsibility for the calculation, any subsequent adjustment and final settlement of indirect costs and placement of these functions in an office which is organizationally common or central to them all. The central office will be located within the Division of Financial Management, National Institutes of Health, PHS, DHEW. Approval and administration of research grants for both direct and indirect cost rests with the awarding components.

C. Applicability This policy applies to all NIH research grants.

D. Background The initial authorization and procedural guide for the award and payment of indirect costs on project grants is contained in the "DHEW Grants Administration Manual", Chapter 1-80. The procedures for the calculation of indirect cost amounts under the new "Indirect Cost Management System" are defined within the guidelines of this manual.

E. Policy Indirect cost for NIH research grants will be calculated by the National Institutes of Health through the Indirect Cost Management System. The issuance of one award by an awarding component showing both direct and indirect cost will be discontinued for research grants only. The calculation, payment and reporting requirements under the revised system are outlined in subsequent paragraphs as well as the role of each organizational component, which is discussed in paragraph F.

F. Responsibilities The responsibilities of the organizational components involved in the processing of documents to and from the Indirect Cost Management System are enumerated as follows:

1. The grantee institution will be responsible for providing the basis from which indirect cost will be computed. The information will be included in the detailed budget worksheet (Form 398). After approval of the application and its subsequent award, the grantee institution will receive a Notice of Grant Award document showing direct cost only. At the end of each month, the grantee will receive a single notice for indirect cost. The amounts contained therein are applicable to the current month's direct cost awards. The Division of Financial Management, NIH, will mail the document to the grantee institution's business office address as shown on the Notice of Grant Award document. The indirect cost amounts will be shown

on the new "Summary Listing of Indirect Cost Awarded/Adjusted" and should be verified by the grantee institution. The reporting of any discrepant amounts will be made in writing or by direct contact with the Indirect Cost Management Section, NIH.

2. The Indirect Cost Management Section, Division of Financial Management, NIH, will serve as the focal point for all matters related to indirect cost. The function of this office will be to communicate with the grantee institutions and the awarding components in matters regarding calculation and settlement of indirect cost. Authority for the payment of grant funds, both direct and indirect, is exclusively the responsibility of the Federal Assistance Financing Branch, DFM, NIH. The Indirect Cost Management Section will:

a. Maintain a master indirect cost rate file for all grantee institutions having grants with the NIH.

b. Update the file as new or continued negotiated agreements are made with the grantee institution by the Division of Financial Management Standards and Procedures, DHEW.

c. Maintain an informational file on indirect costs.

d. Provide indirect cost amounts to the NIH internal accounting system and to the Federal Assistance Financing Branch, NIH.

e. Review and communicate with grantee institutions on matters relative to indirect costs. The communication will be done by direct contact when necessary and/or by published reports that will be part of the ICMS reporting system.

3. Awarding Components, NIH

Awarding components will review the application of a grantee institution and approve the need for indirect costs. The awarding component will then process the direct cost award document to the Division of Financial Management, NIH, who will calculate indirect cost based on the latest information contained in the rate file. The indirect cost dollars applied to each direct cost award will be transmitted back to the awarding component from the accounting system.

G. Procedures The Indirect Cost Management System provides for an automated calculation of indirect cost applicable to a research grant award. This calculation is based on the current negotiated rate agreement contained in the Indirect Cost Rate File. The Indirect Cost Rate File, located in a single office within NIH, will be updated as each rate agreement is published for a particular grantee institution. This enhances the capability of reconciling indirect cost dollars between the grantee institution and the agency accounting systems. The Indirect Cost Management Section, NIH, will reference the automated files and compute each single indirect cost award amount as the direct cost award is received through the normal internal process.

The grantee will have received sometime during the month, an award statement (PHS Form 1533) showing only the direct cost for a grant. A monthly single indirect cost covering letter entitled "Summary Notice of Indirect Cost Awarded/Adjusted" will be issued and there will be attached an itemized listing of each new or amended indirect cost award issued during the same month. These amounts will be listed as shown on the "Summary Listing of Indirect Cost Awarded/Adjusted", Exhibit II.

1. Notice of Grant Award

The Notice of Grant Award (PHS Form 1533) will show direct cost only whenever a research grant is involved. As each award is made by an awarding component, the Notice of Grant Award document will be forwarded to the grantee institution based on existing procedures, with the exception that indirect costs will not be shown on the Notice of Grant Award document, but rather will appear as a separate line item on the "Summary Listing on Indirect Cost Awarded/Adjusted", Exhibit II. Included under remarks will be a statement to the effect: This award includes applicable indirect costs which will be separately calculated and shown on a "Summary Notice of Indirect Cost Awarded/Adjusted". The awarding component will be responsible for mailing direct cost award documents to the grantee institutions. Similarly, the Division of Financial Management, NIH, will forward all documents relating to the award of indirect costs to the same recipient.

2. Summary Listing of Indirect Cost Awarded/Adjusted

The report (Exhibit II) is an ICMS report. It is used by the Indirect Cost Management System as well as the grantee institution. The purpose of the report is to provide the grantee institution business office with the amount of indirect cost awarded during a given accounting period. The report will list each individual indirect cost amount or an amount for a previous grant that was adjusted during the month. The amount shown on this report contains only indirect costs and the grantee will recognize the applicable award by the grant number and/or the related document number. Responsibility for accumulating data and preparing this report rests with the Division of Financial Management, NIH. This list is important to the grantee institution in that the amount of indirect cost calculated for a grant will be shown as a single line entry and it will be the grantee's communication link for reporting any discrepant amounts. Accompanying this summary listing will be a covering letter (Exhibit I).

3. The Summary Report of Expenditures Adjustment Sheet

The Summary Report of Expenditures Adjustment Sheet, (Exhibit III) or a similar report, will be used in the settlement of indirect cost under the Indirect Cost Management System. This report will be computer prepared after negotiation of a finalized rate and will reflect the allowable indirect costs for each grant for which direct costs were reported during the rate year involved. The Indirect Cost Management Section will forward this report to the grantee. The grantee will verify this report making any corrections as appropriate, with explanations. The report will then be certified by a

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responsible official as the claim of the grantee and be returned to the Indirect Cost Management Section, DFM, NIH. Upon acceptance by NIH, this claim will serve as the basis for settlement.

H. Effective Date This procedure became effective in July 1971.

I. Any questions should be directed to:

Chief, Indirect Cost Management Section
Federal Assistance Accounting Branch
Division of Financial Management
Room B1B07, Building 31
National Institutes of Health
Bethesda, Maryland 20014

Phone: (301) 496-5316

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
National Institutes of Health
Summary Notice of Indirect Cost Awarded/Adjusted
(Research Grants)

TO:

DATE:
REF. NO:
GRANTEE INST. NO:
PERIOD:

Attached is the Summary Listing of Indirect Cost Awarded/Adjusted applicable to research grant awards made or adjusted during the period shown above.

This listing should be verified against direct cost awards made for the period indicated and checked to determine that the appropriate indirect cost rate has been applied. Any discrepancies should be reported immediately to the Indirect Cost Management Section, Federal Assistance Accounting Branch, Division of Financial Management, National Institutes of Health, Bethesda, Maryland 20014.

Chief, Indirect Cost Management Section

Exhibit II

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Summary Listing of Indirect Cost Awarded/Adjusted
National Institutes of Health - Research Grants
Dollar Amounts for Month of 8/75

Grantee Identification Number and Name: XYZ University 62-4810

<u>Document Number</u>	<u>Grant Number</u>	<u>Institution Control Number</u>	<u>Rate</u>	<u>Base Costs</u>	<u>Indirect Costs</u>
R1-HE-08043A	5 RO1 HE08043-06		%	\$ 19,500	\$ 3,875
R1-HE-11519A	5 RO1 HE11519-02		%	75,250	15,237
R1-HE-10742A	5 RO1 HE10742-03		%	2,000	806
R1-GM-06532A	1 RO1 GM06532-01		%	72,800	14,273
R1-DE-1234A	5 RO1 DE1234-04		%	25,300	7,400
				<hr/>	<hr/>
			GRANTEE INSTITUTION TOTAL:	\$194,850	\$41,591

Note: This document contains indirect cost for the budget period applicable to each research grant issued in the month of August.

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Exhibit III

SUMMARY REPORT OF EXPENDITURES
ADJUSTMENT SHEET

Institution Various
Address Anywhere, U.S.A.

I/C Rate Alternative 1
Adjustment Period (Fed. Fiscal Yr.) 7/1/73 - 6/30/74

Document Number	Grant Number & Governing Date	Grant Budget Period		Allowable Cost Base		Final I/C Rate		Allowable I/C Amount	I/C Claimed	I/C Adjustment	Cost Sharing	Net I/C Adjustment
		From	To	TDC	S&W	TDC-%	S&W-%					
(1)	(2)			(3)				(4)	(5)			
National Institutes of Health												
(A) R1-HE-10000A	1-R01-HE-10000-01	8/1/73	7/31/74	\$20,000	\$8,000	40.00		\$3,200	\$2,400	\$ 800	\$-0-	\$ 800
(B) R1-HE-20000A	5-R01-HE-20000-02 GD 3/1/73	3/1/74	2/28/75	20,000	8,000	(90% x 30.00)		2,160	3,600	(1,440)	-0-	(1,440)
(C) R1-AM-60000A	1-R01-AM-60000-01	4/1/74	3/31/75	20,000	8,000	60.00		4,800	3,200	1,600	80	1,520
(D) R1-AM-40000A	1-R01-AM-40000-01	12/1/73	11/30/74	20,000	8,000	20.00		4,000	4,000	-0-	-0-	-0-
(E) R1-AM-50000A	1-R01-AM-50000-01	5/1/74	4/30/75	20,000	8,000	40.00		3,200	4,000	(800)	(40)	(760)
										\$ 160	\$40	\$ 120

NOTES:

General - Prepare separate adjustment sheet for each Agency (Office of Education, NIH, SRS, etc.). Show amounts to nearest whole dollar.

- (1) Obtain number from award statement; arrange in numerical order by five digits of document number.
 - (2) Governing Date - For continuing projects for which the original award was made before March 1, 1974, indicate basic award date.
 - (3) Record allowable cost base chargeable to grant; if base different from TDC or S&W, state the formula used.
 - (4) The allowable IC amount for grants subject to statutory or administrative limitations should show only the amount allowable up to the limitation. The allowable amount in these instances should be footnoted and explained.
 - (5) If cost sharing was reflected in previous indirect cost amount claimed, compute amount to enter in this column by multiplying dollars of IC adjustment x cost sharing rate.
- (A) Provisional rate of 30% S&W was finalized at 40% S&W (IC amount using final rate is less than 20% TDC).
 - (B) Provisional rate of 50% S&W was finalized at 30% S&W (90/20 policy applies, claim limited to 90% x final rate x S&W).
 - (C) Provisional rate of 40% S&W was finalized at 60% S&W (cost shared through individual cost sharing agreement - 5% of total project costs).
 - (D) Provisional rate of 60% S&W was finalized at 70% S&W (90/20 policy applies, claim limited to 20% TDC).
 - (E) Provisional rate of 50% S&W was finalized at 40% S&W (cost shared 5% through individual cost sharing agreement).

I hereby certify that the above information is true, complete and accurate to the best of my knowledge and that expenditures reported have been made in accordance with appropriate grant policies.

Signature and Title

Date



AVAILABILITY OF RESOURCE

The National Institute on Aging (NIA) has established at the Institute for Medical Research (IMR), Camden, New Jersey, a repository for cultures of characterized mutant and normal cells for research on aging. This resource is to facilitate the research of investigators studying cell culture model systems and somatic cell genetics. The contract to IMR is entitled "Selection, Production, Characterization, and Distribution of Genetically Marked Cells for Aging Research". In addition to the banking responsibility, IMR conducts an annual workshop in May related to interests of investigators and the objectives of the NIA. Cell cultures are developed and banked in response to research needs. A list of existing cultures is available on request from IMR. Details of this resource are published (Murphy, D.G., and W.W. Nichols, 1975, Somatic Cell Genetics Resource for Aging Research, Cytogenetics and Cell Genetics 15, 30-40).

The title of the 1976 workshop is "Is Senescence Dominant or Recessive in Somatic Cell Crosses"? Participation is limited to 100 persons. Selection of workshop participants will begin February 1, 1976. Applicants should send resumé, statement of current research activity and support, and statement of relationship of the workshop to research objectives. For information on the cell bank or workshop, contact:

Dr. Warren Nichols
Department of Cytogenetics
Institute for Medical Research
Copewood Street
Camden, New Jersey 08103

Phone: (609) 966-7377

and for information on related NIA research grant support, contact:

Dr. Donald G. Murphy
National Institute on Aging
Room C-703, Landow Building
National Institutes of Health
Bethesda, Maryland 20014

Phone: (301) 496-1033