

**GRADUATE STUDENTS ASSOCIATION OF GHANA (GRASAG)/ OFFICE  
OF GRANTS AND RESEARCH (OGR)**

# **Work Plan and Budgeting**

**ONE DAY TRAINING PROGRAMME ON “*PROPOSAL  
WRITING*” FOR POST GRADUATE STUDENTS**

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# Budget Development

## General Considerations

- The proposal budget should be directly derived from the project plan.
- Budgets are generally computed on a 12-month basis. Cost estimates are generally required for each year of the project, although the level of detail may vary by sponsor.
- Follow the sponsor guidelines for format.
- Determine what costs the sponsor allows.
- If required, include matching or cost-sharing (if cost-sharing is proposed it should be proportional between direct and F&A costs).
- Include direct and F&A costs.



# The Program Connection

**Goals, Objectives, Indicators  
and Activities provide the  
program foundation for the  
Budget.**



# The Program Connection

Goals, objectives, indicators and activities are the

*DIRECT LINK*

between



# Budget Development

## General Considerations (cont'd)

- Request enough funds to cover anticipated cost increases (3% inflation for personnel costs and 4% inflation for non-personnel costs is typically considered to be reasonable).
- If cost sharing is included, each budget period should include a column for both sponsor and non-sponsor costs.



# Budget Development

- Direct Costs:

“Reasonable and Allocable”

Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or that can be directly assigned to such activities relatively easily with a high degree of accuracy



# BUDGET DEVELOPMENT

## Indirect Costs

Indirect costs are costs incurred for support services that are not readily identifiable as direct program costs.



# Budget Development

- Facilities and Administrative (F&A) Costs

Costs that are incurred for common or joint objectives, and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

Examples of F&A Costs:

- Salary of Department Administrator
- Building utility and maintenance costs
- Purchasing
- Secretarial costs





# Budget Development

- Elements of Direct Costs
  - Salaries and Wages
  - Fringe Benefits (FB)
  - Equipment
  - Expendable Supplies and Materials
  - Travel
  - Subcontracts
  - Consultants
    - *External*
    - *Interdepartmental (should be included in personnel section of the budget)*
  - Other



# Definition of Equipment

- 1. It retains its original shape, appearance and character with use;*
- 2. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance;*
- 3. It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it;*
- 4. Under normal conditions of use, including reasonable care and maintenance, the item can be expected to serve its primary purpose for at least one year;*



# Budget Development

- Expendable Materials/Supplies
  - Must be programmatically necessary; general office supplies should be treated as an F&A cost – unless a major program.
- Travel
  - Adhere to Institutional Policy and Agency Guidelines
  - Distinguish between Domestic and Foreign Travel
  - Foreign Travel may require prior approval from sponsor prior to trip (even if in original budget/proposal)
- Subawards
  - Proposed costs should be Reasonable and Allowable (however, keep in the mind the sub-contractor may be under different cost principles, i.e., industry subcontractors)



# Budget Development

- What Does “Allowable” Mean?

An “allowable” cost is one that is eligible for reimbursement.

Contrast with:

- PERMISSIBLE BY INSTITUTION: A cost is permitted by institution, as outlined in its various administrative policies or procedures.
- ALLOWABLE BY AGENCY: A cost is permitted by the policies of the sponsoring agency or the terms of an award.



# Budget Development

- Assessing Whether a Cost Is Allowable or Unallowable
  - A cost may be “expressly” unallowable, i.e., it is always unallowable as either a direct or indirect.
    - Unallowable activities: *Fund raising, alumni relations, lobbying, etc.*
    - Unallowable transactions: *Alcohol, entertainment, fines, etc.*
  - A cost may be allowable but only as an indirect/F&A cost, not a direct charge, e.g., proposal preparation



# Budget Development

## Cost-Sharing/Matching Costs

- Cost sharing is defined as the portion of the cost of a project not borne by the sponsoring agency
- Types of cost sharing:
  - Mandatory-required by the agency for award
  - Voluntary Committed-not required for the award but committed in the budget
  - Voluntary Uncommitted-not required by the agency as a condition for the award, not committed by the faculty, but effort may be recorded.



# Budget Development

## Cost-Sharing/Matching Costs

- What Can be Used to Meet Cost Sharing?
  - Contributed effort by the PI/co-PI (preferred)
  - Cash
  - Third Party Contributions
  - Unrecovered F&A costs (can be used if agency has approved)
  - If cost sharing is included anywhere in the proposal, it is auditable and requires tracking and may require reporting.



# Budget Development

## Cost Sharing Considerations

- Must meet all of the following criteria:
  - Are verifiable from the recipient's records
  - Cannot be used as cost sharing on other projects
  - Are necessary and reasonable for accomplishment of project objectives
  - Are allowable under the cost principles
  - Are incurred within the project period of performance.





# Budget Development

## Potential Problems Associated with Cost Sharing

- Can we demonstrate to the funding agency that the cost sharing commitment has been fulfilled?
- Do we track cost sharing on a project-by-project basis?
- Do effort reports capture contributed effort (both mandatory and voluntarily committed)?
- Are the same cost sharing funds used to meet the matching requirements on more than one project?
- Do we recover cost sharing expenditures through our F&A rate?



# Budget Development

## ■ Facilities and Administrative Costs

### Points to Consider:

- F&A costs are REAL COSTS!
- F&A cost recovery is the reimbursement for actual costs incurred by the institution in support of sponsored projects
- F&A costs are incurred on all institutional activities, not just sponsored research
- A significant portion of F&A cost not recovered
- When an external sponsor pays less than the full F&A rate, the unrecovered F&A costs must be absorbed by the institution (it's an institutional decision)



# CONCLUSION

## Budgets: Getting Started

Know your limits! Carefully read the Funding Opportunity Announcement (FOA) for budget criteria. You should look for limits on the types of expenses (e.g. no construction allowed), spending caps on certain expenses (e.g. travel limited to Ghc10,000), and overall funding limits (e.g. total costs cannot exceed Ghc 300,000 per year). Relevant FOA sections include:

- II.1 (Mechanism of Support),
- II.2 (Funds Available),
- III.2 (Cost Sharing or Matching), and
- IV.5 (Funding Restrictions).

Identify all the costs that are **necessary** and **reasonable** to complete the work described in your proposal.

Throughout the budgeting process, round to whole currency.



The best strategy is to request a reasonable amount money to do the work, not more and not less because:

Reviewers look for reasonable costs and will judge whether your request is justified by your aims and methods.

Reviewers will consider the person months you've listed for each of the senior/key personnel and will judge whether the figures are in sync with reviewer expectations, based on the research proposed.

Significant over- or under-estimating suggests you may not understand the scope of the work.



## Contd-

- Despite popular myth, proposing a cost-sharing (matching) arrangement where you only request that Donor support some of the funding while your organization funds the remainder does not normally impact the evaluation of your proposal. Only a few select programs require cost-sharing, and these programs will address cost-sharing in the FOA.
- What is the difference between allowable direct costs and allowable facilities & administrative (F&A) costs?
- Direct Costs: Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.



# IMPORTANT REMINDERS

- Include enough information to justify the request.
- Check all calculations.
- Show all amounts in whole currency Ghc, \$
- Link EACH proposed expenditure to the Program Activity Plan, goals and objectives.



THANK YOU

Questions?

