

## No Cost Extension (NCE) Requests Instructions (HHS/OS/ASPR)

From the [HHS Grants Policy Statement](#): The OPDIV (ASPR) will not approve any extension request if the primary purpose of the proposed extension is to permit the use of unobligated balances of funds. All terms and conditions of the award apply during the extended period.

**Requests for NCEs should be submitted at least 30 days prior to the end of the project period but no more than 90 days prior to the end of the project period.**

Requests for NCEs are prior approval requests and as such are governed by the HHS policies for requesting prior approval. They are:

1. Prior-approval requests must be signed by both the recipient project director and the grantee authorized official.
2. All requests must include:
  - Name of the grantee
  - Name of the initiating grantee project director (PD) and associated contact details (telephone, email, physical address)
  - Name of grantee authorized official and associated contact details (telephone, email, physical address)
3. E-mail requests must be clearly identified as prior-approval requests, must reflect the **complete grant number** in the subject line, and should be sent by or through the grantee authorized official to the Grant Management Officer (GMO) indicated on the Notice of Award (NoA).
4. Failure to make a timely request and obtain required OPDIV prior approval from the GMO may result in the disallowance of costs, termination of the award, or other enforcement action within the OPDIV's authority.

Requests for NCEs should include:

1. Reasonable justification of why the NCE is needed (see above policy statement).
2. The number of additional months being requested – cannot be longer than one year.
3. Federal Financial Report (SF-425) documenting any unobligated balance.
4. Provide a statement justifying unobligated balance. What prevented your agency from spending down all authorized funds?

5. Work to be completed (work plan) and an estimated budget (with budget narrative/justification) for completing the work. A budget narrative/justification sample format is provided in the attachment.

Before the grants office processes the NCE, we will make sure that the file is up to date on all progress reports and Federal Financial Reports (SF-425s). If any reports are missing, we will ask for them and will need to receive them before we process the NCE.

ASPR will review the request and the GMO will provide a response indicating the final disposition of the request. Only responses provided by the GMO are to be considered valid. Recipients that proceed on the basis of actions by unauthorized officials do so at their own risk, and ASPR is not bound by such responses.

## Attachment: Budget Narrative/Justification – Sample Format

The budget summary is used to determine reasonableness and allowability of costs for the project. All of the proposed costs listed must be reasonable, necessary to accomplish project objectives, allowable in accordance with applicable federal cost principles, auditable, and incurred during the budget period.

An allowable project cost meets the following criteria:

- Necessary for the performance of the award.
- Allocable to the project.
- In conformance with any limitations or exclusions set forth in the federal cost principles applicable to the organization incurring the cost.
- Consistent with the recipient's regulations, policies, and procedures which are applied uniformly to both Federally-supported and other activities of the organization.
- Accorded consistent treatment as a direct or indirect cost.
- Determined in accordance with generally accepted accounting principles.
- Not included as a cost in any other Federally-supported award.

The following four tests are used in determining the allowability of costs:

- **Reasonableness (including necessity).** A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The cost principles elaborate on this concept and address considerations such as whether the cost is of a type generally necessary for the organization's operations or the grant's performance, whether the recipient complied with its established organizational policies in incurring the cost or charge, and whether the individuals responsible for the expenditure acted with due prudence in carrying out their responsibilities to the federal government and the public at large, as well as to their organization.
- **Allocability.** A cost is allocable to a specific grant, function, department, or other component, known as a cost objective, if the goods or services involved are chargeable or assignable to that cost objective in accordance with the relative benefits received or other equitable relationship. A cost is allocable if it is incurred solely to advance work under the grant; it benefits both the grant and other work of the organization, including other grant-supported projects or programs; or it is necessary to the overall operation of the organization and is deemed to be assignable, at least in part, to the grant.
- **Consistency.** Recipients must be consistent in assigning costs to cost objectives. Regulations regarding cost assignment must be consistent for all work of the

organization under similar circumstances, regardless of the source of funding, to avoid duplicate charges.

- **Conformance.** Conformance with limitations and exclusions contained in the Terms and Conditions of award, including those in the cost principles, may vary by the type of activity, the type of recipient, and other characteristics of individual awards.

## Budget Summary

**A. Personnel** - An employee of the applying agency whose work is tied to the application. Proposed salaries must be reasonable. Compensation paid for employees must be reasonable and consistent with that paid for similar work within the applicant's organization and similar positions in the industry.

Table 1: Personnel

| Position            | Name        | Annual Salary/Rate | Level of Effort | Federal Cost | Match |
|---------------------|-------------|--------------------|-----------------|--------------|-------|
| Project Director    | Susan Jones | \$45,000/year      | 100%            | \$45,000     |       |
| Project Coordinator | Brad Smith  | \$42,000/year      | 50%             | \$21,000     |       |
| TOTAL               |             |                    |                 | \$66,000     |       |

**NARRATIVE JUSTIFICATION:** Enter a description of the personnel funds requested and how their use will support the purpose and goals of this proposal. Describe the role, responsibilities, and unique qualifications of each position.

**B. Fringe Benefits** - Fringe benefits may include contributions for items such as social security, employee insurance, and pension plans. Only those benefits not included in an organization's indirect cost pool may be shown as direct costs. If fringe benefits are not computed as a percentage of salary (e.g. 25%), list all components of the fringe benefits rate, for example:

Table 2: Fringe Benefits

| Component | Rate  | Wage   | Federal Cost | Match |
|-----------|-------|--------|--------------|-------|
| FICA      | 7.65% | 66,000 | \$5,049      |       |
| Insurance | 5%    | 66,000 | \$3,300      |       |
| TOTAL     |       |        | \$8,349      |       |

**NARRATIVE JUSTIFICATION:** Enter a description of the fringe funds requested and how the rate was determined.

**C. Travel - Federal funds requested for travel are for staff travel only (travel for consultants is listed in consultant category). Travel for other participants, committee members, etc. should be listed under the cost category “other”. Applicants are to use the lowest available commercial fares for coach or equivalent accommodations. Note that Applicants will be expected to follow [federal travel policies](http://www.gsa.gov) found at <http://www.gsa.gov>.**

Table 3: Travel

| Purpose of Travel      | Location       | Item            | Rate                              | Federal Cost   | Match |
|------------------------|----------------|-----------------|-----------------------------------|----------------|-------|
| Attend awardee meeting | Washington, DC | Air Fare        | \$350 X 4 people                  | \$1,400        |       |
|                        |                | Per Diem        | \$71/day X 4 days X 4 people      | \$1,136        |       |
|                        |                | Airport Parking | \$10/day X 4 days                 | \$40           |       |
|                        |                | Airport Shuttle | \$28/RT X 4 people                | \$112          |       |
|                        |                | Hotel           | \$211/night X 3 nights X 4 people | \$2532         |       |
|                        |                | Subtotal        |                                   | \$4,120        |       |
| Local travel           | Various        | POV             | .44/mile X 2,000 miles/year       | \$880          |       |
| <b>TOTAL</b>           |                |                 |                                   | <b>\$5,000</b> |       |

**NARRATIVE JUSTIFICATION:** Explain the purpose for all travel and how costs were determined. List any required travel, funds for local travel that are needed to attend local meetings, project activities, and training events. Local travel rate should be based on agency’s personally owned vehicle (POV) reimbursement rate, which should correspond with the [GSA rate](http://www.gsa.gov) found at <http://www.gsa.gov>.

**D. Equipment** - Permanent equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more. If the applying agency defines “equipment” at a different rate, then follow the applying agency’s policy. In the case of vehicles, etc. applicant should justify purchase rather than rental. If equipment is used by several different projects, you may only charge a percentage of the costs for the purchase based on the amount of time, etc. that the equipment will be used for this grant program. Any purchased equipment must be inventoried according to the guidelines in the HHS Grants Policy Statement.

**Table 4: Equipment**

| <b>Item(s)</b>        | <b>Rate</b>     | <b>Federal Cost</b> | <b>Match</b> |
|-----------------------|-----------------|---------------------|--------------|
| Computer Work Station | \$5,500 X 2     | \$11,000            |              |
| Computer              | \$6,000 X .5FTE | \$3,000             |              |
| <b>TOTAL</b>          |                 | \$ 14,000           |              |

**NARRATIVE JUSTIFICATION:** Enter a description of the equipment and how its purchase will support the purpose and goals of this proposal.

**E. Supplies** - Materials costing less than \$5,000 per unit and often having one-time use, for example – general office supplies, postage, printers, etc.

**Table 5: Supplies**

| <b>Item(s)</b>          | <b>Rate</b>        | <b>Federal Cost</b> | <b>Match</b> |
|-------------------------|--------------------|---------------------|--------------|
| General Office Supplies | \$50/month X 4 FTE | \$200               |              |
| <b>TOTAL</b>            |                    | \$200               |              |

**NARRATIVE JUSTIFICATION:** Enter a description of the supplies requested and how their purchase will support the purpose and goals of this proposal. Rates for office supplies, etc. may be based on average monthly costs, FTE, etc.

**F. Contracts and Consultants** - An arrangement to carry out a portion of the programmatic effort by a third-party or for the acquisition of goods or services is allowed under the grant. Such arrangements may be in the form of sub awards (grants) or contracts. A consultant is a non-employee retained to provide advice and expertise in a specific program area for a fee. List each contract, consultant or sub award separately and provide an itemization of the costs. If a contractor is to be determined, provide a best estimate as to costs for the goods or services to be purchased.

The awardee must establish written procurement policies and procedures that are consistently applied. All procurement transactions are required to be conducted in a manner to provide to the maximum extent practical, open and free competition. The awardee should be alert to organizational conflicts of interest as well as to noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.

**Method of Selection:** This will be sole source, competition, or grant.

**Scope of Work:** Provide a breakout of the goods and/or services being provided by the contractor. If personnel are being charged then should list name, position, hours and rate/hour. Goods will be listed at number of units and cost/unit. List method to be used for sub-recipient monitoring – site visit, semi-annual reports, etc. Documentation of monitoring should be kept with the contract/award file.

**Table 6: Contract/Sub award**

| Activity             | Name             | Method of Selection | Scope of Work   | Federal Cost | Match    |
|----------------------|------------------|---------------------|---|--------------|----------|
| Public Information   | WMTV             | Sole source         | Paid Ads 12/month X \$250/ad X 6 mo.<br>Paid Ads 12/month X \$250/ad X 6 mo.<br><b>Monitoring:</b> semi-annual report | \$18,000     | \$18,000 |
| Mobil Medical Assets | To Be Determined | Competition         | Medical supply inventory (\$1,600)<br>Wheelchair bus conversions( 6 X \$37,000) <b>Monitoring:</b> semi-annual report | \$223,600    |          |
| <b>TOTAL</b>         |                  |                     |   | \$ 241,600   | \$18,000 |

**NARRATIVE JUSTIFICATION:** Provide information as to how the contracted services or goods will enhance the project goals and objectives. Provide sole source justification.

**Table 7: Consultation**

| Organization | Name      | Number of Days | Rates   | Federal Cost | Match |
|--------------|-----------|----------------|---|--------------|-------|
| Trepid       | Jon Smith | 20             | \$150/day<br>Travel 4 trips X 1,204 (travel @ \$475; lodging @ \$175/night X 3; Per Diem @ \$51 x4) = \$4,816 | \$ 7,816     |       |
| <b>TOTAL</b> |           |                |   | \$ 7,816     |       |

**NARRATIVE JUSTIFICATION:** Provide information as to how the consultant services or goods will enhance the project goals and objectives.

**G. Other** - Expenses not covered in any of the previous budget categories. If rent is requested (direct or indirect), provide the name of the owner(s) of the space/facility. If anyone related to the project owns the building which is less than an arm’s length arrangement, provide cost of ownership/use allowance calculations.

Table 8: Other

| Item    | Rate             | Federal Cost | Match |
|---------|------------------|--------------|-------|
| Postage | \$65/mo. X 4 FTE | \$3,120      |       |
| TOTAL   |                  | \$3,120      |       |

**NARRATIVE JUSTIFICATION:** Explain the need for each item and how it will support the purpose and goals of this proposal. Break down costs into cost/unit (cost/square foot or cost/month or cost/FTE).

**H. Indirect Costs** - Also known as "facilities and administrative costs", indirect costs are costs that cannot be specifically identified with a particular project, program, or activity, but are necessary to the operation of the organization (e.g., overhead). Facilities operation and maintenance costs, depreciation, and administrative expenses are examples of costs that are usually treated as indirect costs. The organization must not include costs associated with its indirect rate as direct costs. If indirect costs are claimed, applicant is to submit a copy of a current negotiated indirect cost rate agreement. Indirect costs are only charged on the items cited in the indirect cost rate agreement (e.g. personnel and fringe, subawards over \$25,000).

Table 9: Indirect costs

| Total Direct Cost applied to Indirect Cost | Indirect Cost Rate | Federal Cost | Match |
|--|--------------------|--------------|-------|
| \$450,000                                  | 22%                | \$99,000     |       |
| TOTAL                                      |                    | \$99,000     |       |